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when served without Benmorven Riesling.



Benmorven Riesling The wine that appreciates good food.

MONTANA

NEW ZEALAND'S
NATIONAL WEEKLY OF
BUSINESS, POLITICS
AND ECONOMICS

NATIONAL BUSINESS REVIEW

Incorporating Admark

80 cents

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Delta Plastics to produce its ear-tags in US plant

by Gordon McLauchlan
and Warren Berryman

PALMERSTON North-based Delta Plastics Ltd will start making animal identification ear-tags in a factory in Syracuse, New York next month.

The United States Department of Commerce's International Trade Administration has ruled that export incentives to the company from the New

Zealand Government for ear-tags exported to the United States were, in fact, subsidies.

But Delta export manager Malcolm Cameron says the move to manufacture within the United States has been under negotiation for about two years. Delta holds a 50 per cent share of a New York company. A new brand of animal ear-tag will be produced by a factory there from next month.

Delta took legal action against an American company, Y-Tex, for breach of patent, alleging that the American manufacturer was making a similar product to the one Delta had registered in the United States and was therefore competing unfairly.

As a result, Y-Tex prompted the action against Delta alleging New Zealand export incentives constituted a subsidy. This allegation has been

upheld by the United States Commerce Department in an interim decision. The department announced that a final ruling would be brought down by January 8 1981.

Delta reports, meanwhile, that the action against Y-Tex for alleged breach of patent will be pursued in the American courts.

The company estimates that legal fees have mopped up about \$200,000 from the profit

in the United States. Delta ear-tag sales in America during the last financial year were \$1.1 million. World-wide sales approached \$10 million.

Cameron says the opening of the factory will not mean a reduction in Palmerston North production.

"We started with a 14,000 square foot factory in Palmerston North in 1971 and after nine years we have 60,000 square feet," Cameron said. Sales expansion will continue through South America, South-east Asia and Europe, according to Cameron, and the production expansion within this country will continue.

He says Delta has had 20 per cent of a French company since 1976. It makes ear-tags under licence, earns a royalty and takes a share of the profit.

"We're not walking away from New Zealand," he says. The new factory will initially

be used for the production of ear-tags for the American market. "We have certainly known about it, but we haven't had any sense of urgency."

Another said: "It's as if everyone is used to letting Government make the decisions."

But, as the implications of CER have dawned upon the sector the "she'll be right" attitude has been replaced by a worried urgency.

Continued on Page 16.

CER misgivings reaching tidal proportions

by Allan Parker

THE grassroots groundswell of misgivings about the closer economic relationship (CER) with Australia is now reaching tidal wave proportions.

Meetings of manufacturers around the country recently have given voice to the growing fears of industrialists that CER is being rushed into place by politicians and departmental officials without adequate concern for the implications.

The fears have taken on an added urgency — officials from both countries are due to meet this month to discuss further aspects of the CER proposals. But, for the first time, there has been an indication that politicians here are becoming aware of the anti-CER feelings.

Customs and Associate Finance Minister Hugh Templeton told *NBR* late last week that the political commitment to CER is still strong and the timetable for discussions at Ministerial level is likely to remain the same. But, he added: "We will take account of the views of industry. That may mean differences in the overall picture of some details."

Manufacturing sources to whom we referred the comment regarded it as the first public sign that the Government is aware of industry fears. Said one: "It's virtually an unclenching of the door to allow the Government to slow down the ratio of implementation of CER even if the political commitment is in place."

Observers regard the continuing political discussions — and adherence to the proposed

timetable — as inevitable if the Government is to maintain its credibility.

They do hope that the actual implementation of CER can be slowed down.

Some companies — mainly export-oriented — look to CER as, at least, giving this country a new economic direction. A typical comment: "If we don't do it, where is New Zealand going to go?" But the general mood is one of increasing concern at the momentum which the exercise is developing.

A number of companies with a variety of products are finding it particularly difficult to grapple with the complications of CER and are feeling pressured by the official timetable.

There is also concern that this country is still unclear about its policy regarding CER and is tending to wait for the Australian stance before coming to grips with the local attitude.

Manufacturers from around the country will be voicing these fears and pressing for action when the Manufacturers' Federation council meets in Wellington on Wednesday.

A series of meetings has been held between manufacturers and Trade and Industry. Last week two departmental officers met members of the Wellington Manufacturers' Association.

The Wellington manufacturers made their concerns known. Its council will discuss the CER issue at its meeting today. It is expected that the council will adopt a similar attitude to that taken by the manufacturers.

To some degree, manufacturers have themselves to

blame for the situation in which they have found themselves. The Ministerial committee that outlined the broad concepts of CER was released last March.

It is only recently that the companies and industry sectors have begun a thorough examination of the proposals and their potential implications.

One industry source said:



Discover the world's finest taste in cigarettes.

Benson & Hedges
Special Filter



Created and perfected by
the House of Benson & Hedges

IDC appointments

IN our issue of October 13, we reported industry criticism of the appointments of Eric Halstead and Bernard Lyons to the Industries Development Commission.

We referred again to this criticism briefly in the issue of November 3. Our later article

may have been taken to mean that, in the opinion of this paper, the integrity, independence or competence of Messrs Halstead and Lyons was in question. No such meaning was intended and we take this opportunity to withdraw any such implications.

Privilege clearance

THE Government majority on Parliament's privileges committee found Agriculture Minister Duncan MacIntyre was not guilty of deliberately misleading the house over the Fitzgerald loan affair. Labour Leader Bill Rowling said the decision was a "political whitewash".

RONALD Reagan swept to an easy victory over President Jimmy Carter and will preside over a Republican majority in both Senate and Congress. Carter took 4 per cent of the popular vote but only 45 electoral college votes and outsider John Anderson managed only 7 per cent. Anne Martindell, a Carter appointee, has submitted her resignation as US ambassador in Wellington.

CHINA signs a \$20 million deal with the Wool Board which indicates purchases of scoured wool over the next seven years and assistance with reequipping and financing a cotton mill to spin woollen knitting yarn. Strong greasy wool sales to China are anticipated.

UNITED States agriculture department director Bud An-

dersen on a speaking tour in Wellington slated New Zealand's barriers to American farm imports.

Economic indicators

SEPTEMBER current account deficit was \$88 million a drop from last year's \$153 million deficit. For the year

ended September the deficit was \$478 million only \$20 million less than the year to September 1979.

HIRE purchase advances increased 19 per cent in the June quarter over the same period in 1979 and for the June year by 15.8 per cent.

ADULT wage rates rose 20.7 per cent in the year to September 30.

The business week

BNZ Finance Ltd consolidated net profit leapt 35.1 per cent in the half year to September 30 to \$701,000 (last year \$519,000). An interim ordinary dividend of 7.5 cents or tax free distribution of 6.5 cents payable November 26.

Bridgevale Consolidated Ltd will hold an extraordinary meeting on November 28 to change its name to Westbridge Holdings Ltd and increase the authorised capital by 50 per cent to \$600,000.

Canterbury Farmers Coop Association Ltd will pay a final dividend of 8 per cent on November 28.

Ceramco Ltd will issue 5 million redeemable cumulative preference shares yielding 16 per cent.

Crown Finance NZ Ltd will issue \$3 million first and second ranking debentures guaranteed by its parent, Crown Consolidated Ltd.

DRG (NZ) Ltd will buy Dri Copy NZ Ltd from the Andias Group Ltd.

Europa Oil NZ Ltd: unaudited tax paid profit of \$1.2 million for the six months to June 30 (last year \$3.1 million).

Inland sales dropped 2.25 per cent compared to an industry average of 5 per cent.

Hauraki Enterprises Ltd: unaudited consolidated net profit for the six months to September 30 was \$352,074 (last year \$344,916). An interim dividend of 4c is payable on December 5.

Lion Breweries Ltd declared unconditional takeover of Burkes Caterers Ltd with 93.5 per cent of shareholders already indicating acceptance.

Malr & Co Ltd have issued 198,000 shares to Leather Export Partnership, Auckland for the Napier tannery Toptan which will be renamed Napier Tanning Co Ltd.

Marsac Holdings Ltd unaudited net profit for six months to September 30 rose 26 per cent to \$2,180,000 (last year \$1,729,000). An interim dividend of 10c will be paid tax free on January 5.

MIM Holdings Ltd has commissioned design studies for a bucket ladder dredge to recover gold from the Miconui River valley on the West Coast. Estimated cost is \$25 million.

Nissan Datsun Holdings Ltd unaudited tax paid profit for the six months to September 30 was \$587,333 (last year \$263,916), more than the profit for the last financial year.

NZ Insurance Co will pay a 5 per cent dividend on ordinary shares and 10 per cent on specified preference shares on November 30.

NZ News Ltd unaudited, consolidated net profit for the six months ending September 30 dropped 15 per cent to \$1,333,439 (last year \$1,567,935). An interim dividend of 8c will be paid on December 3.

New Zealand Steel Ltd: unaudited profit, excluding associate companies for the six months to September 30

\$5,186,000 (last year \$5,357,000). Interim dividend of 6c payable December 5.

Oakbridge Ltd will make one for four ordinary shares offer at par to shareholders on November 28. \$1 shares will be split into two 50c shares.

Phillips & Impey Ltd: audited net profit for the year August 31 was \$1,366,206 (last year \$1,019,248). A 6c dividend of 55c - 11 per cent is payable on December 21.

one for five bonus issue has been recommended.

Sanford Ltd unaudited profits for the year to August rose 18.3 per cent to \$1,366,206 (last year \$1,019,248). A 6c dividend of 10c a share will be paid.

The TNL Group Ltd have: Fruitgrowers & Chemical Co Ltd to BP Chemicals Ltd.

Trans Ashburton Ltd: audited net profit of \$104,000 for the year ended June 30 (last year \$54,647). An interim dividend of 3.75c-7.5p - will be paid on November 26.

Union Steam Ship Company of New Zealand Ltd issued a "don't sell" notice: preference shareholders.

Wilson and Horton Ltd: audited net profit for six months to September 30 was \$2,072,000 (last year \$2,361,000). An interim dividend of 8 cents will be paid on December 3.

Woolworths Ltd: audited net profit for six months to September 30 was \$2,072,000 (last year \$2,361,000). An interim dividend of 8 cents will be paid on December 3.

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Alternative ports found for Middle East meat

by Allan Parker

AS New Zealand's meat killing season gets into full swing, major shippers of lamb to our two neighbouring - and warring - customers, Iran and Iraq, remain confident that shipments will not be disrupted.

With the traditional ports at the head of the Persian Gulf closed by the fighting, alternative ports of entry have had to be found to protect and

maintain the shipments.

Lamb sales to the two warring nations will be worth well over \$200 million in the 1980-81 season. Any disruption to the steady supply of meat could threaten those sales.

The two major shippers - the Meat Producers Board and W R Fletcher - have already diverted a number of shipments since the Iran-Iraq war broke out.

The Meat Board has put four shipments through ports

nearer the Gulf of Oman, on the same coast as the now-conquered Iranian city of Khorramshahr, but well away from the fighting.

The Iranian meat authorities diverted the ships to these safer ports and unloading proceeded smoothly. The same arrangement will continue when the first shipments of over \$160 million worth of lamb begin to leave New Zealand in the middle of next month.

The Iraqi situation has created more problems. Previous shipments by W R Fletcher have gone to Basra, right at the head of the Persian Gulf and the centre of the fighting.

But land-locked Iraq has persuaded Jordan to let the lamb be shipped through Ajlun at the head of the Red Sea and right next to the major Israeli port of Eilat.

The company, which expects to ship more than \$50 million worth of Iraq this season, is reluctant to divulge which alternative port has been arranged. NBR has been able to confirm that it is Jordan.

There has been some speculation that Prime Minister Rob Muldoon might have assisted in setting up the Jordan connection.

During his recent visit to the United States he spent some time with the Jordanian Ambassador to the United Nations.

The Prime Minister's press department insists that the discussion concentrated on Muldoon's position as chairman of a World Bank committee looking into recognition of the Palestinian Liberation Organisation.

Muldoon later described the talk as a "monologue" from the

Jordanian on aspects of Middle East - and PLO - politics.

But Muldoon, with his Arab contacts, remains in a prime position to assist New Zealand sales to the area.

It is unusual for a head of state to chair a World Bank committee. Muldoon's press people say the fact that he has been selected two years running to head a committee investigating the Palestinian problem reflects Arab confidence in his impartiality over the vexing problem.

And, certainly, Muldoon has taken a more sympathetic line to the PLO than the United States, reinforcing that impartiality in Arab eyes. Thus the Muldoon presence, while not actively promoting New Zealand goods, maintains a favourable New Zealand profile in Arab circles.

Meanwhile, both the Meat

Board and W R Fletcher say they have not seriously considered a possibility that the war may force Iran or Iraq to reconsider the supply contracts, which carry the usual *force majeure* clause.

While remarking that if the clause was invoked "the rest of New Zealand might as well emigrate", one Meat Board spokesman said: "There's been no need to consider it; they need the meat, we need to sell to them. It's a mutual arrangement".

Both organisations expect the shipments to continue to reach the Iranian and Iraqi markets - albeit by different routes.

Baghdad mission returns happily to the fray

by Rae Mazengarb

NEW Zealand exhibitors at the Baghdad International Trade Fair were preparing themselves late last week to return to the war-torn Arabian Gulf.

Accompanied by Trade and Industry official Merv Mussen and Jane Cunliffe, about half of the original group are keen to explore business opportunities again after making an abortive trip last month.

Some expressed misgivings about their safety and admitted to paying up on their life insurance policies recently.

But the consensus among them was that trade prospects with the region were "excellent" and the risks worth taking.

A group of about 14 exhibitors filed Baghdad last month when the city came under bomb attack, escaping across the desert to Amman in neighbouring Jordan.

Despite the closure of Baghdad airport and some borders, the Iraqi Government is pushing ahead with the prestigious fair which, was postponed until November 15.

Trade and Industry officials decided last Monday that although it was not quite "business as usual" in Baghdad, the situation had become more settled and it was not likely the group would be in danger.

Telex lines had been operative throughout the fighting and the department had been in continual contact with Trade Commissioner and Charge d'Affaires David Shroff, who had remained in the region.

The cost to New Zealand of

exhibiting products at the month-long fair will be well over \$250,000, but according to one exhibitor, Gilbert Ulrich of Ulrich Aluminium Co, the rewards will easily offset that sum.

Vice-president of the Export Institute Ulrich said Iraq had currency reserves in hand to pay for four years' imports.

Exhibitors had been assured of buyers for all goods on display at the fair and prospects for large orders were good, he said.

Trade and Industry officials said the Iraqis were expected to place half their orders at the fair, and companies would soon be made aware of what to expect in terms of total sales.

Products on display include aluminium ladders, scaffolding, boats, hardware, building materials, windows, honey, agricultural machinery, furniture, carpets and lifting equipment.

"Everyone is hopeful of good sales," said Ulrich.

A number of exhibitors are not returning to the area where their products are already set up for the fair but those who are going have agreed to look after their goods and take orders on their behalf.

Deputy Prime Minister Brian Talboys - originally scheduled to attend the fair - is unlikely to go.

Ulrich - although he believes the fighting in the region will escalate with more bombings - is looking forward to an "exciting" trip.

But late last week he confessed he was not quite clear about final transport modes into the area.

As at November 6 NZS at:

Britain 1.163
United States 1.163
Canada 1.163
Australia 1.163
Fiji 1.163
Austria 1.163
Belgium 1.163
China 1.163
Denmark 1.163
France 1.163
Greece 1.163
Hong Kong 1.163
India 1.163
Ireland 1.163
Italy 1.163
Japan 1.163
Malaysia 1.163
Netherlands 1.163
New Caledonia 1.163
Norway 1.163
Pakistan 1.163
Portugal 1.163
Singapore 1.163
South Africa 1.163
Spain 1.163
Sweden 1.163
Switzerland 1.163
West Germany 1.163
Western Samoa 1.163

Exchange rates

As at November 6 NZS at:

Britain 1.163
United States 1.163
Canada 1.163
Australia 1.163
Fiji 1.163
Austria 1.163
Belgium 1.163
China 1.163
Denmark 1.163
France 1.163
Greece 1.163
Hong Kong 1.163
India 1.163
Ireland 1.163
Italy 1.163
Japan 1.163
Malaysia 1.163
Netherlands 1.163
New Caledonia 1.163
Norway 1.163
Pakistan 1.163
Portugal 1.163
Singapore 1.163
South Africa 1.163
Spain 1.163
Sweden 1.163
Switzerland 1.163
West Germany 1.163
Western Samoa 1.163

Julian gets Audit office OK

AUCKLAND Harbour Board member Harry Julian has been investigated by the Government Audit Office and cleared of any legal conflict of interest through business dealings between the board and the Julian family companies that operate tug-boats on the harbour.

Julian led the Auckland Citizens and Ratepayers' Association ticket for the harbour board at the local body elections last month and topped the poll.

During the campaign, allegations were made that Julian was in breach of provisions of the Local Bodies Act because of business dealings between the board and the conferences with which he had an association.

Both the board's executive and Julian refused to disclose to the media the details of the

companies involved and their business relationships with the board.

The Audit Office has said that its staff has investigated the allegations and ruled that Julian is not in breach of the legislation.

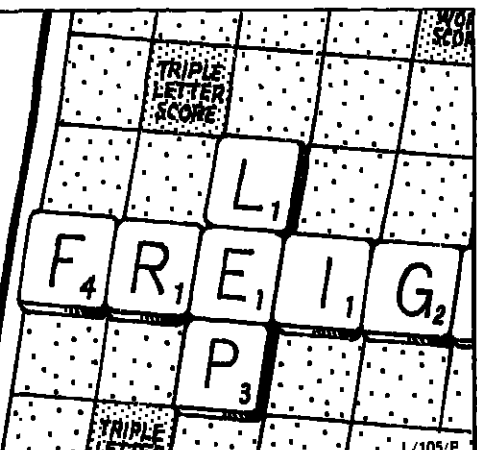
Bob Carr told NBR during the election campaign that he felt the board executives and Julian should disclose the information sought in relation to the allegations against Julian.

Carr, who was re-elected to the board, has announced his retirement from the chairmanship and will be replaced by the deputy chairman for the past two years, Mick Shanahan, the only nomination.

It was expected that Julian would pursue the chairmanship, but it is understood he will make a bid to become deputy chairman.

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Bruce was a good service agent. One of the best. But the hell he put company equipment through was almost legendary.

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Panelbeating his utility was considered a waste of money.

Earlier in the year, to reduce operating costs and increase efficiency, the firm had installed AWA TR 235 radio telephones in all vehicles. They needed units that were powerful, had outstanding voice clarity in all weathers, and provision for selective calling and multi-channel capability.

But, more importantly they wanted units that were 'Bruce Proof'.

TR 235 started meeting its challenges immediately.

Strapped to the back of Bruce's trundler to avoid missing calls TR 235 bumped its way over every golf course in the area.

Returning one day Bruce stranded the utility while attempting to cross a swollen creek. Recovered 3 days later TR 235 was still working perfectly.

A fortnight later the utility broke down in a snow drift. While temperatures plummeted below zero Bruce was able to radio help. TR 235 never missed a beat.

Later that month, while returning from a routine call, Bruce elected a favourite 'back way home'. On the treacherous gravel road the utility failed to take a corner and rolled 80 metres down a steep bank coming to rest in a river bed.

TR 235 was the only survivor.

But then TR235 was always going to outlive Bruce one way or the other.



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PO Box 3090 Wellington.
Yes, I want to be part of New Zealand's economic recovery. Please send me information on:

- ☐ Term Loans
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- ☐ Export Finance
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Before still, have someone call me to make an appointment to discuss my plans and how you might help.

Name.....
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Engineering Employers!

BY 1983 NEW ZEALAND COULD BE SHORT OF AT LEAST 600 FITTERS

What are you doing about it?



New Zealand is now embarking on a series of major development projects, stretching right through into the 1990s. Will we have the skilled labour to cope? Yes, but only by acting now.

A chance to help yourself

We know that by 1983 we'll need at least 600 additional fitter/turners or fitter/welders to meet the expanded requirements for engineering skills in the workforce. That's 600 over and above those already qualified or currently being trained. And it's barely three years away. That's why the Government has set up a scheme to recruit 600 young people by the end of 1981 to begin training as fitters, and at the same time to maintain the normal intake of engineering apprentices. So that when the major development projects draw workers away from their current jobs, we'll have enough people trained to bridge the gaps created in the workshops and the factories where fitters are employed. This means that you, the employer, won't be held back by shortage of skilled workers.

What the scheme provides.

The scheme — known as the Special Engineering Apprentice Training Scheme — provides intensive training for fitter/turners and fitter/welders. It includes:

- A 20-week pre-apprenticeship training course in basic engineering skills, at the

- end of which successful trainees will be recommended for First Assessment
- A 6000-hour engineering apprenticeship, 1000 hours of which are credited for the pre-apprenticeship training
- Technical training during the apprenticeship consisting of two special 4-week courses in the first year, leading to Second Assessment, and the normal 3-week Trade Certificate block course during the second year.

This gives a total of 31 weeks systematic training in technical institutes. And the first 20 weeks cost you nothing.

The employer's role

After their pre-apprenticeship training these trainees will be apprenticed in the normal way. This is where you, the employer, play a vital role. Because it is intended that these apprentices be hired over and above your normal intake of apprentices. Otherwise the very purpose of the scheme — to train additional fitters — will be lost.

What's in it for you?

The scheme offers you several attractive benefits:

- First, the pre-apprenticeship course. With 20 weeks of basic engineering training behind them before they even start work, these apprentices will be able to play a far more productive role in your workshop or factory, right from the outset. And, you are also assured of a high standard of recruitment.
- Second, if the apprentice you take on under this scheme is additional to those you were training at 31 March last, you will be entitled to a subsidy of \$30 a week. If the apprentice is still additional after three months on the job, the subsidy is continued for a total of 55 weeks altogether.
- Third, and most important of all, you are protecting yourself against a future shortage of skilled workers.

An investment for the future

Your investment in training now will give you substantial returns. Because when large-scale developments attract workers away from their present jobs, you will still have the skilled labour your business will need. Don't let this opportunity slip by. Ask now for full details of the Special Engineering Apprentice Training Scheme at your nearest Department of Labour office or fill in and post the coupon below.

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DEPARTMENT OF LABOUR

The week

Joint venture offers new US shipping service

by Warren Berryman

NEW Zealand exporters are being offered a new non-conference shipping service at below conference rates to and from the East and West Coast of the United States, Canada and the American Gulf ports.

Marketing began last week for Trans-Atlantis, a joint service venture between Auckland-based Transpacific Container Services and California-based Atlantis Line Ltd.

Trans-Atlantis is a dry cargo slot charter operation crossing the Pacific with trans-shipment at Japan.

Transpacific's joint managing director, David Batchelor, said the New Zealand-Japan sector would go via the Norwegian carrier, Gearbulk, with which his company had an exclusive slot charter contract.

Gearbulk's mainstay is timber from Napier to Japan. Under the Trans-Atlantis arrangement, Gearbulk will pick up container cargo from Auckland, Bluff, Port Chalmers, Tauranga, and Lyttelton making it the first non-conference service to the United States and Canada available to South Island exporters.

Ace Lines, the former non-conference contender in the New Zealand-United States trade, operated only to Auckland.

The Japan-North America sector is the responsibility of Atlantis Line. Atlantis president, Scott Novacek, said he would slot charter on a variety of carriers.

Transit time from New

Zealand to/from West Coast United States and Canada would be about 26 days and between 35 to 40 days to East Coast United States and Canada.

Transit time to the American Gulf ports would be between 30 and 35 days. Rail shipment to inland American cities

would be arranged from the Gulf, Novacek said.

Batchelor said freight rates for general cargo for example manufactured goods would be 10 to 15 per cent below conference rates.

Trans-Atlantis's tariffs were filed with the American Federal Maritime Commission late

last month.

The new line is hoping to gain most competition in the general cargo traffic that is being charged the highest level of freight by the conference.

The first inbound ship is now on the water carrying, among other things, 12 container loads of beer to New

Zealand.

Trans-Atlantis's Eastbound service start later this month.

Trans-Atlantis's service is, in a way, only a formalisation of an old lark to beat the conference.

The Japan-North America route is overtonnaged and bargains abound.

Non-conference competitors on the run have forced the conference to drop their listed rates 20 times this year. And the Japanese Shippers' Council has moved to stop the conference and Japanese shipping lines from using their muscle to force exporters to restrict shipping to conferenceships by proposing that conferences stop blacklisting delinquent buyers and allow fob buyers to load cargoes on non-conference ships without prior registrations.

One past dodge to beat conference rates was to ship goods across the border from the United States to Vancouver, where no conference restrictions exist, then to Japan and down to New Zealand.

Despite the difference in distance, it is still cheaper to ship most commodities from New Zealand to the United States or Canada via Japan or Hong Kong than direct to the United States, via conference lines.

Transpacific entered the market a year ago using Jetson Lines to ship to the Far East. In September 1979 Transpacific split up with Jetson and contracted with Gearbulk, one of the world's largest bulk carriers.

Transpacific has moved some wool from New Zealand to Japan at rates 10 per cent below those charged by the Conference. The company can reach Chinese ports via Japan.

The Chinese are fast becoming New Zealand's best market for wool.

The Chinese generally use their own ships but Transpacific might serve as a backup service, Batchelor said.

by Gordon McLaughlan

SAMOAN writer Albert Wendt may front a major international television series on the Pacific.

He is scripting a pilot which may later be filmed with himself up front to excite American interest and investment in a programme which it is hoped will be similar in style to Alister Cooke's *America* — with a simultaneous book.

Television New Zealand's first attempt at a thinking men's essay on a major subject with a

distinguished front man is *Landmarks*, a series of 10, 50-minute programmes on geography.

Kenneth Cumberland's version of the development of New Zealand.

The project, under way since 1978, should be ready for screening about August next year, with the *Reader's Digest* releasing a big book by Cumberland (also *Landmarks*) around the same time. Much of the shooting for the *Landmarks* programme has been done.

Interest has already been shown in the United States in a

series on the Pacific, with its image there of romantic indolence.

Wendt, whose novel *Leaves of the Banyan Tree* recently won the Wattle Book of the Year Award, is also a scholar, a brilliant essayist and poet and has a striking appearance. If he has the sort of camera charisma many people expect of him, the result could be an epic television series.

Television New Zealand producer George Andrews, who has been working on *Landmarks*, has already dis-

cussed the topic with Wendt, and he has agreed to do the preliminary work on a pilot.

Andrews was impressed by the introduction to *Lali*, a South Pacific anthology of stories and verse in which Wendt discusses the Pacific identity. He edited and contributed to the book.

Wendt, who has been teaching in Samoa and Fiji since he graduated from Victoria University in Wellington, has travelled extensively in the region and regards himself as a Third World, Pacific man.

Envious expedition back from Norway

PETROCORP chiefs have returned from an exploratory expedition to Norway full of envy for the conditions imposed on oil companies by the state-run company Statoil.

Statoil does not put up any risk capital for exploration and still gets a minimum 50 per cent royalty off the oil companies from any discoveries. A sliding scale can boost the royalty return up to 85 per cent.

Here, Petrocorp sinks 40 per cent of costs into exploration

and gets a 51 per cent royalty on discoveries. And even then the oil companies complain about the royalty rate.

In addition, the oil companies pay Statoil in straight crude, which the Norwegians process and sell. They are now looking at further downstream operations to boost income still further.

The deal, secured by the Norwegian Government for Statoil, has impressed the two Petrocorp officials who went

there after the Prime Ministerial trip to Mexico. Chairman Frank Orr and general manager Jim Hogg made the trip.

But, while returning impressed, their envy is tinged with recognition of the stronger bargaining power of the Norwegians.

The Norwegians have large and proved deposits of oil which gives them a better negotiating stance.

Hogg says the mission was

essentially a "scouting around" exercise to look at Statoil's operation and the availability of Norwegian oil for New Zealand.

"They believe they will have increasing supplies coming on to the world market but probably not before 1983," he said.

"At the moment they are tied up with other supply agreements within northern Europe and Scandinavia."

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front axle helps Land Cruiser through sand, mud and any other hazard. And the same dual-line brakes that are so safe off-road are double protection on the tarmac.

Specially designed seats let the driver's shoulders and torso move freely while the hips are held firm and snug. This is best for rough going. But that same comfort comes through on the highway too... comfort augmented by thorough ventilation that eliminates stale air.

When you're out in the wilderness, you need a partner that is all heart... Land Cruiser is. It will take any road. And when there's no road, it makes its own. Toyota engineering made it that way.

ENGINE Type 6Cyl. 4230cc. Bore x Stroke 94 x 101.6mm. Displacement 4230cc. Compression ratio 18.5 to 1. Max. power 128 HP (SAE gross) at 3600 RPM. Max. torque 277 lb-ft (378 Nm) at 2200 RPM. DIMENSION Overall length 3915mm. Overall width 1685mm. Overall height 1940mm. Wheelbase 2285mm. Tread, F: 1475mm, R: 1470mm.

Editorial

LABOUR'S Jonathan Hunt was found guilty by the Parliamentary Privileges Committee in 1976 of what one Government politician described as a grave breach of privilege and was suspended from Parliament for one sitting day. His offence: trumpeting the impartiality of the Speaker (the late Sir Roy Jack).

Hunt had said on a Radio New Zealand Morning Report session that "The first thing, of course, is to change the Speaker" and "The Speaker should have been stronger". He would not apologise.

The committee which found him guilty was divided on party lines, but the Government's majority view prevailed to make it obvious that breach of privilege charges could be used as an instrument of politicking.

One member of the committee which heard the case was Agriculture Minister Duncan MacIntyre (whose absences from some of the hearings invited expressions of concern, although it was said he had been given a full summary of the evidence).

In recent weeks, MacIntyre has been the subject of the committee's deliberations after the Opposition complained that evidence given to the inquiry into the Marginal Lands Board handling of the Fitzgerald loan was incompatible with what the Minister had told Parliament in June. The committee was unanimous that — for the

allegation that MacIntyre deliberately misled the House to succeed — it had to be established that his statement to Parliament was intentionally misleading. Its verdict was a three to two decision: Government members of the committee (Jim McLay, George Gair and Derek Quigley) found in favour of their Cabinet colleague; Labour members (Bill Rowling and David Lange) dissented.

There is no doubting that MacIntyre misled the House. The day after the resignation of C.R. White from the Marginal Lands Board was made public, he said that on learning his daughter had bought a farm, he had told three departmental heads he would not discuss the issue; he "invited himself from the case". But the inquiry heard evidence that he had approached Lands Director-General Noel Coad and R.E. Wynn, a private secretary to Lands Minister Venn Young, about the Fitzgerald application in March.

As McLay explained, it was not a breach of privilege to mislead the House; "the additional element of intention is also required". And while evidence of four conversations — two with Wynn, one with Coad and one with Young — was given to the inquiry, in evidence to the committee the Minister said he could not recall those discussions. His Cabinet colleagues on the committee thought this memory lapse was not surprising and McLay

— reminding television viewers among other things of MacIntyre's war service — impressed on his audience that the committee must accept the word of the accused Minister about his forgetfulness (apparently not recognising the absurdity of this position in respect of someone who stood accused of being less than forthright).

Memory problems had troubled MacIntyre at the public inquiry into the lands board, too.

Counsel assisting the public inquiry, J.O. Upton, noted that the two departmental officers had been emphatic and precise in their recollections of the discussions, but MacIntyre "basically can't remember anything about anything", and the way MacIntyre presented his evidence "militates against any acceptance of his version of what happened".

The Wynn meeting had taken place on the first morning MacIntyre assumed the role of Acting Minister of Lands, Upton pointed out. The next working day, he had detained Coad after a normal meeting to discuss the Fitzgeralds. He had also raised various points of the matter with Venn Young on Young's return from overseas in late April.

Irrespective of how one views MacIntyre's difficulties in tracing down memory lane, the privileges committee procedure and his ability to judge the behaviour of fellow

politicians invites public cynicism. But — as the man who laid the charge — and who supported him clearly were in a position to consider the evidence dispassionately but became prosecutors, judge and jury. Similarly Government members were the criticism that they will close ranks to protect one of their party.

In 1977, Dr. Martyn Finlay — a member of the procedure had been brought into disrepute by his party make-up — proposed to reconstitute the committee with representation from both sides of the divide, presided over by a legal chairman, no sittings, and with the "defendant" could be represented by counsel. The independent chairman idea was reiterated last week. Labour MP Geoff Palmer, who suggested, Ombudsman as someone who would provide much-needed judicious visage to the committee.

As for MacIntyre, he has already said it had been "probably improper" for him to have talked to Coad about his daughter's loan application. The inquiry's verdict, be known later this week, but given his reputation has suffered in the weeks, it should hardly be necessary to say that MacIntyre to have in mind then to decide his future. Resignation, surely, is the honourable and prudent course.

B.L.C.

Without word of a lie

Hamish quits before officially starting

HAMISH KEITH is hanging on in there as chairman of the Queen Elizabeth II Arts Council, but he has just stepped back from a post he never officially filled — as director of the Book Trade Organisation based in Auckland.

Keith slid into the job a few months ago without any official appointment being made and hoped to slide out of the QEII post in the same quiet way so he could be succeeded by his deputy, David Gascoigne.

According to one source, Keith has loyally been trying to accomplish all this unobtrusively in the interests of a following former "Lawyer for Rowling" Gascoigne to take over the QEII chairmanship with equal unobtrusiveness — despite reservations about Gascoigne's political past expressed publicly by Arts Minister Allan Highet.

The feeling is, that now it is understood that Gascoigne didn't ever authorise the use of his name as a "Lawyer for Rowling", the Government might be prepared to let him take over — if the flak is allowed to die.

Otherwise there is no obvious successor. The rumour that Wellington ballet patron, author and property developer Bob Jones might be given the nod as a Government supporter struck terror into the hearts of arts liberals.

Anyway, Keith wanted to hold on to the QEII post until after the end of the year — as he has been asked to do by the Minister — in the interests of Gascoigne's succession.

The Book Trade Organisation wanted more of his time — now.

So they have agreed to split before they were even fully united.

Hands off those tio and chips, Jim

HORROR of horrors. The Bluff oysters just ain't what it's, dare we say millions, of devotees thought it was.

Fisheries scientists probing the national delicacy's innermost secrets have discovered it has been wrongly classified for years.

No longer can it be called *ostrea lutaria*, the

same genus as the European oyster. Scientists have discovered that those Bluff oysters do have their own distinct characteristics (as every Kiwi could have told them).

The larvae are usually up to 113 times the size of their now very distant European relatives, are kept inside the mother oyster for a longer time, and when released make their own way in minutes rather than days.

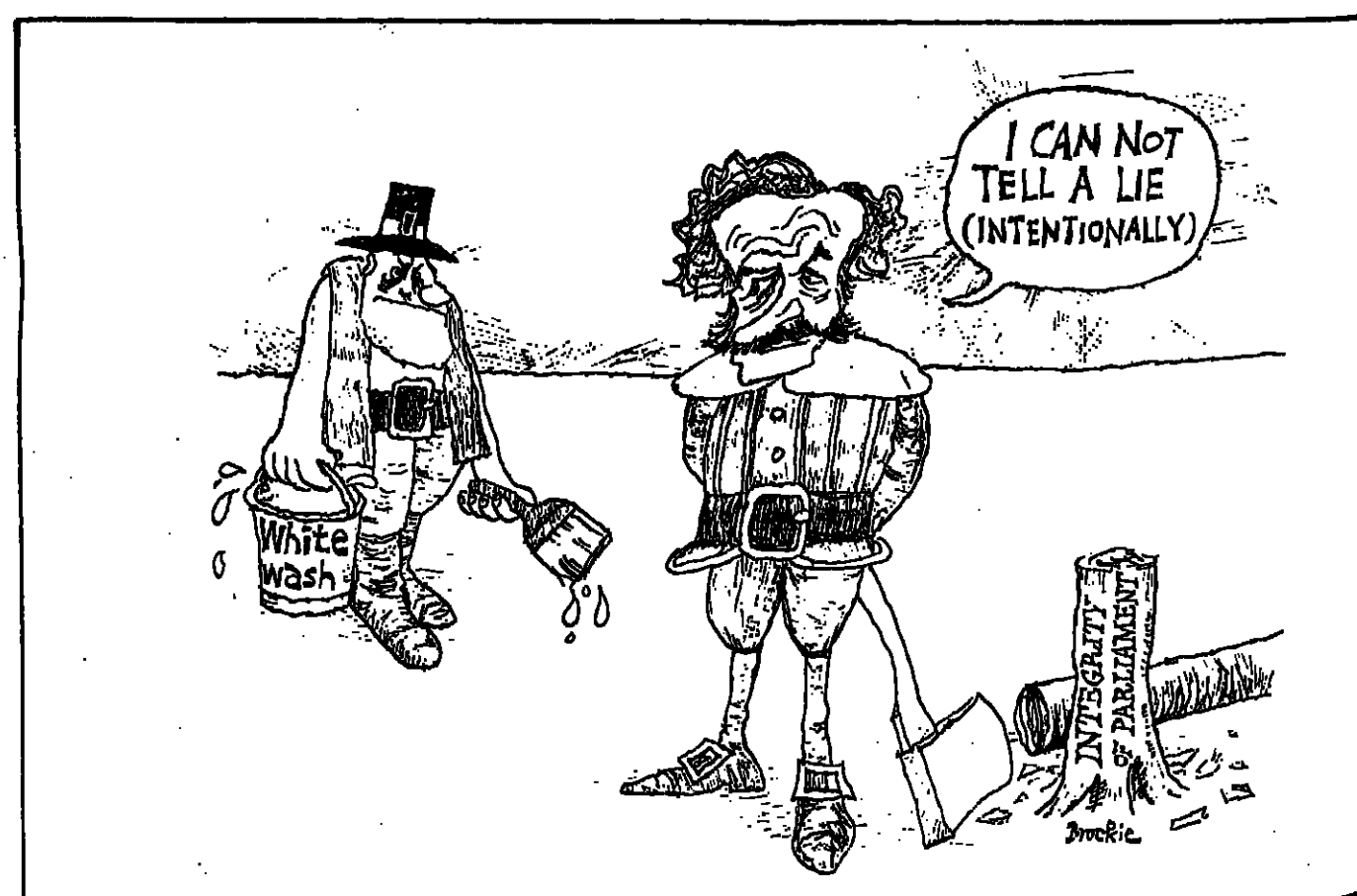
Scientists have renamed it *ostrea*, tio being the Maori name for oyster.

Its only close cousin is the Chilean oyster.

And because the Federation of Labour is stolidly backing president Jim Knox's stand against all things Chilean... we wonder.

No, he couldn't, could he?

Brockie's view



State funding to battle the bureaucrats

AMERICAN legislators have come up with a law to even the odds between small businessmen and bureaucrats.

Battling the dull grey army of public administrators has become so costly that many small businessmen knuckle under without a fight, no matter how just their cause is.

The Equal Access to Justice Act is designed to change all that. It could become effective next October.

The Act requires Federal agencies to pay legal expenses to those businessmen who successfully fight agency actions that are not proper. The onus is on the Government agency to prove that its actions were substantially justified.

The Act, if signed by the President, is expected to curb the bully tactics of Government agencies against businesses too small to fight.

To be eligible for reimbursement, a businessman must have a net worth under \$5 million.

Labour unions and non-profit organisations qualify regardless of size.

Mortgage rates are running at 14 per cent and the growth in new housing is falling off. Total federal income taxes increased 78 per cent between 1975 and 1979.

Reagan stomped for not more government but better government (but was always short on specifics when it came to outlining where his \$64 billion tax budget reduction would come from.)

Reagan was similarly vague in his economic policy.

Of the three major candidates, only John Anderson came up with anything like a detailed economic plan for the future.

The big televised Reagan-Carter debate neither answered those questions, nor did it bolster the image of the candidate in the eyes of the public. The debate was rather more like a prize fight in which neither contestant got out of his own corner.

Economist Milton Friedman predicted a recession in 1981, no matter who won the election. There was no magic medicine, and no way the inflation problem could be solved without a temporary period of economic difficulty.

Friedman told the Commonwealth Club shortly before the election.

Some American economists are no longer so sure inflation can be cured by manipulating the money supply (be it M1, 2 or 3).

Some suggest inflation is nothing more than a crisis of confidence in paper currency and the cure lies in backing dollars with gold. If people knew

they could, at any tick of the clock, convert a paper dollar for gold they would not convert it to gold as gold can't be invested and earn interest and costs money to insure, transport and store — or so the argument goes.

The Federal Government was not alone in coping flak from angry taxpayers. The legacy of California's Proposition 13 lives on. The State taxpayers' revolt has spread. Americans voted on some 13 separate State ballots to limit the Government's ability to tax citizens.

Shortly before the election the *Boston Herald American* ran a headline saying "Furious Boston taxpayers cry revolt" and quoted an irate citizen saying, "we ain't got a city government, we got a gang of parasites down there at City Hall".

In New York the liberal Democrats were making a big play on Reagan's past statement that he prayed every day that the Federal Government would not bail out New York City.

Carter supporter and New York Governor Carey, blasted Carter for not putting enough money into the city to fight heroin addiction.

Meanwhile, in the staunchly Republican borough of Queens a meeting of League of Women voters was bemoaning the "choice between two idiots" for President and getting stuck into local problems like street violence, gold chain snatching on the subways, a vigilante group patrolling the subways called "the Guardian Angels", soft judges, overfull jails, and a revolving door policy that dumped muggers back on the street again before the blood of their victims dried on their hands.

National defence loomed as a major election issue. Carter started off his campaign trying to do to Reagan what President Johnson did to Barry Goldwater in 1964 — blast him as a war monger.

Johnson convinced the American people that Goldwater would celebrate his inauguration day by tossing atom bombs about. Carter had to drop that tactic against Reagan when it backfired on him.

At the end of the campaign road both Carter and Reagan held very similar positions — to prevent war, prepare for it.

Last August Carter quietly dropped the "MAD doctrine" (the doctrine of mutually assured destruction had been the keystone of American military thinking for 20 years).

Under this doctrine nuclear holocaust was to be avoided by making the costs of nuclear aggression intolerable to both East and West. With United States and USSR missiles targeted on each other's major cities it would be folly for either side to fire the first round — or so the thinking went.

This doctrine was based on two assumptions:

- That neither side would protect its cities;
- That neither had the capability to knock out the other's retaliatory power in a first strike.

The corollary to all this, was that once one had the power to knock out all the enemies' cities any further nuclear capability was superfluous.

The policy had its risks. Should it fail, millions would die. And who was to say any American President would dare push the button should his European allies be attacked, knowing this action would bring the certain destruction of New York, Washington, and Baltimore?

America failed to convince the Russians to accept MAD as a basis for limiting nuclear weapons. It seems the Russians were thinking on a different wave length.

So Carter began to build defences and target his missiles on Russian nuclear bases rather than Russian cities. The SALT talks, it appears, are dead.

United States business clearly wanted Reagan to win. Carter's five separate economic programmes did little to convince business of Carter's competence.

The kindest remarks about Carter's economic management came from those who thought his heart was in the right place (Carter has always talked like a conservative) but that his best plans were consistently beaten down by Congress and an entrenched non-elected bureaucracy.

It's not that business is enamoured with Reagan. Many of those *NBR* talked to blasted Reagan as an idiot — but at least he appeared a non-interventionist idiot — and hopefully one with enough sense to delegate responsibility to capable lieutenants.

And Reagan had the support of the father figure of American conservatism, Barry Goldwater. Many see Reagan as Goldwater's stand-in.

At 71, Goldwater was facing his toughest reelection battle in Arizona. His opponent, multi-millionaire property man Bill Schulz, pumped millions into his effort to unseat the senator who has come to rival the sahuaro cactus as the symbol of sovereign Arizona's prickly arch-conservatism.

Businessmen are quick to point out Reagan's divergence from Goldwater's thinking on unionism. Goldwater has been the prime supporter

What troubled Americans as they went to the polls

by Warren Berryman

"WHAT a dismal choice! A mush-mouthed Georgia peanut farmer or a B grade movie actor. What's the matter with America? Can't this great nation come up with better candidates than this?"

That question from a Republican League of Women Voters activist in New York summed it up. Taxi drivers in Seattle, small businessmen in New Hampshire, corporate executives in Manhattan, private citizens in Boston, journalists in Washington DC, liberals in San Francisco, all expressed similar frustration.

American presidential election 1980 was a turn-off. The level of disdain and antagonism toward the presidential candidates was profound. American voters were not apathetic. They were angry. The issues were there, the champions were not.

In Ashland, New Hampshire, heart of the John Birch Society, there used to be a cemetery with headstones labelled "Hungary, Poland, Czechoslovakia" and other countries fallen to Communist domination.

This graveyard is gone. A small business has taken over the site. Perhaps the reminder is not necessary, in a State where licence plates carry the message "live free or die".

The new enemy is not Communism but big government, especially big Federal Government.

Rocky New England, cradle of the Protestant work ethic, home of Emerson and Thoreau, and the self-reliant anarcho-conservative doctrine that "that government governs best which governs not at all" might be seen as the font of conventional American wisdom.

Even aging Roosevelt New Dealers are losing their faith in big government. Americans seem to be returning to the original premise on which the country was founded — that all government is inherently evil and must be closely watched and held in check.

Politicians no longer enjoy unquestioning patriotic respect. A vigilant and free press has shown the American people that power induced corrupts. Watergate was only the beginning. As the election campaign entered its final week the Carter administration was haunted by the Abscam corruption trials and the Billygate affair. On the other side the *Wall Street Journal* among others exposed Reagan's foreign policy adviser, Richard Allen, as a man who used his Government-paid position to rack up Japanese consulting contracts for himself.

Americans are returning to their traditions, demanding less government not more interventionism, and government subservience to the people to replace the runaway bureaucracy now seen to be in control.

Big government is blamed for inflation. Inflation is shown in the polls to be the voters' number one concern. It hit 12.7 per cent the week before election day.

Over-regulation is seen to be causing not only inflation but America's falling productivity.

Both Reagan and Carter promised to cut government spending and eliminate unnecessary regulation. During his tenure in the oval office Carter claims to have cut government paper work by 15 per cent and he did deregulate parts of the economy.

Reagan pointed out that inflation was running at only 4.6 per cent when Carter unseated President Ford and hit 18 per cent in the first quarter of 1980. Reagan's answer: to get big government off the backs of people and cut taxes by 30 per cent.

The Act requires Federal agencies to pay legal expenses to those businessmen who successfully fight agency actions that are not proper. The onus is on the Government agency to prove that its actions were substantially justified.

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Some suggest inflation is nothing more than a crisis of confidence in paper currency and the cure lies in backing dollars with gold. If people knew

of America's right to work laws under which no one can be forced to join a labour union.

Reagan, one-time president of the Screen Actors Guild, made a play for union votes with the line "elect a union president president".

And Reagan made sympathetic noises towards the United Auto Workers' call for protection from imports of Japanese cars.

The big four American auto manufacturers lost \$4 billion from January to September. And the UAW is scared of losing jobs.

The UAW has been running full-page ads in the metropolitan dailies pointing out that 27 of America's trading partners protect their local industry from competition while America does not.

Ironically, Carter, supposedly on the left side of the fence in American politics by and large, advocated free trade (except in primary products) while Reagan leaned towards a left-wing protectionist stance.

NBR talked with a General Motors sales executive. Did he want to curtail competition with tariff barriers? "Hell no. We'll catch up with the Japs in small cars," he said.

This confidence is not shared by many others. That old American confidence that United States ingenuity and technology will win out over cheap labour is waning in the face of a \$37.29 billion trade deficit and a falling rate of productivity.

Business blames falling productivity on over-regulation and both Reagan and Carter promised to cut the red tape.

Goodyear Tire and Rubber Co estimated that compliance with regulations from just six Federal agencies cost it \$35.5 million last year.

Environmental controls on American mining companies are pricing their metal out of the market leaving them unable to compete with companies in countries with less stringent controls.

Some American economists estimate the extra cost of compliance with environmental, health and safety regulations cost American business \$100 billion a year.

Warren Berryman is an *NBR* staff journalist. returned last week from the United States.

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NATIONAL BUSINESS REVIEW

Published by Fourth Estate Newspapers Ltd.
Managing Director: Ed Birchfield
Marketing Director: Ian F. Grant
General Manager/Accountant: Stephen Underwood
Editorial Editor: Bob Edlin
Production: Ralph Green, Ann Taylor

News & Features
Editor: Colin James, Pae Mezingers, Stephen Bell,
Jack Horder, Allan Parker
Contributing Editor: Peter W. O'Brien
Auckland Bureau: Warren Berryman, Gordon McLachlan
Advertising Sales Manager: Paul A. C. Loh
Promotions Manager: Keith Scott

Circulation: Manager: Jan Chee
Auckland Office: 2nd Floor, Livland Building, 118 Kapiti Road, Auckland
Tel: 788-304
Wellington Head Office: Fourth Estate Newspapers Ltd, 15 Blair Street, Wellington NZ
PO Box 9344
Tel: 788-878
Cable: NBR

National Business Review incorporates *Advent* and is a registered publication weekly (except for last week December and first two weeks January)
Typeset and composed by Computype Services Ltd, Wellington. Printed by R. Lucas & Sons Ltd, 118 Kapiti Road, Paraparaumu.
Single copies 80 cents
Subscription rates: NZ\$30
Member ABC (Audit Bureau of Circulations)

Letters

Restructured unemployment

BRIAN Easton makes a good point (NBR October 27) that those who advocate and are attempting to introduce more market and less Government direction of the economy do not fully recognise the part played by the underlying, existing, organisational structure of "the economy".

Governmental more-market destruction of Mosgiel Ltd and disclaiming of responsibility for the Southdown closing has not made the physical capital equipment formerly employed available to more efficient "restructured" enterprises. Many of those formerly productively employed have been "restructured" into unemployment.

Academic economist Easton sees more deeply into "the economy" than do the politicians. However, he fails to state clearly that the organisational structure of "the econ-

omy" arises out of, and is interlinked with, the structure of ideas in people's minds.

Typical of economists, he writes as if "the economy" were some mechanistic structure rather than the traditional way in which New Zealanders individually and co-operatively earn their livings or get livings from capitalist or welfare state unearned income.

Clearer thinking not only by more-marketers but also by academic economists is indispensable if we are to get out of the present mess. Fundamental reorganisation and re-development of ideas and balancing of human values must come before "the economy" can be wisely "restructured".

Academic economists talk and write of "the economy" as though it were some mechanism with a structure and laws governing its operation. In truth there is no economic structure of New Zealand separate from the values, feelings, ideas and traditional

way in which the people of New Zealand earn and get livelihoods.

John R Perkins
Stabilised Ownership Ltd
Tauranga

Labourite bias

YOUR issue of October 13 carries a strongly worded item on the reorganisation of the Local Government Commission in 1977, under the heading: Political Vice Suffocates Local Government Tribunal.

It seems strange that you should have chosen a contributor as patently biased as Professor Roberts, a Labour Party candidate. Professor Roberts' views on local government are well known, and it is ironic that he should have been firmly rejected by the people of Wellington only two days before he is put forward by your newspaper as an authority on the subject. Your reviewer is far too

generous in according me the full credit for preserving Horowhenua as a separate region. Professor Roberts' whole thesis is that the existing structure is intended to protect private land values. No such issue obstructed into the reorganisation of 1977. The central requirement of the National Government was that the views of local residents should be accorded considerable weight.

Fewer than 7 per cent of Kapiti/Horowhenua residents recorded an objection to a separate region, when offered the opportunity in properly-conducted polls. Professor Roberts has no time for such democratic niceties, which he describes as "buckling before parochial clamour". Apparently, the quango is always right and should determine what is good for the people, without being accountable to anyone for its actions. Little wonder Professor Roberts got short shrift at the polls.

It is interesting to note that Boswell's book was reviewed

some six months after original publication. Is it coincidence that this glowing review should have appeared in the same issue as Boswell's half page contribution to NBR's anti-smelter campaign?

Barry E Brill
MP Kapiti

Adding to throwaways

IN your issue of October 6, Gordon McLauchlan describes the recent expansion of the *Howick and Pakuranga Times* and makes a huge error of observation when he calls this paper "Auckland's only independent suburban throwaway". West of Queen Street, a very special paper, the *Inner City News*, has just celebrated its first birthday.

The paper is unique in Auckland and probably in New Zealand. With a circulation of 11,000 the paper has, from the beginning, been a community effort. One year on, local residents still voluntarily deliver the papers in their street, well known local artists contribute artwork without charge, local people bring in more copy than there are pages to print and the small staff works on subsistence wages.

The paper is wholly independent and not afraid of sticking its neck out from time to time. The advertising ratio is low and the editors strive for a journal type publication which reflects the interests and concerns of the community in a manner which few papers could equal.

City News, which you state was the only other independent suburban paper in the city, did not fold last year but went out of business more than four years ago.

Nicola Legat
Director
Inner City News

Watties dividend

THE Week (Page 2 NBR October 22), quotes our group unaudited tax paid profit of \$17,543,000, a 13.7 per cent increase, correctly, but a misunderstanding has occurred regarding the final dividend.

The share market was apparently disappointed because there was no bonus issue in the

preliminary announcement, but you have rubbed it in a bit by quoting the final dividend at 5.5 per cent.

The recommended final dividend in our announcement to the Stock Exchange Association is 5.5c per 50c ordinary shares which, with the interim dividend paid in June 1980, makes a total of 9.5c per share for the year. This represents a rate of 19 per cent compared with 17 per cent last year and is all available from tax-free sources.

A E Smith
Finance Manager
Wattie Industries Limited

Education computers

YOUR reporter, Alan Parker, has done the public a service by highlighting the need for an informed decision on the question of computers for education (NBR October 27). However, as one of the main parties in this debate we would like to clear up a few misconceptions created by the article.

IDAPS, as a prime mover in the area of computing at schools, is concerned that the hardware eventually selected for this application should be appropriate for the latest techniques in computer aided learning. This is a vital consideration if there is to be any chance of capitalising on the enormous export potential of such educational products.

To this extent we are not "anti" any particular type of hardware — including Polyway (the specifications of which we have not seen). We are "pro" what any professional computer specialist would recommend: an analysis of the educational (user) needs and the software techniques appropriate to meet these.

Secondly, the implication that IDAPS is involved in a consortium is not correct.

It is fair to say that because of our well known stance on this issue we have been involved in discussions with many local hardware organisations and have promoted the concept of a local industry co-operative venture.

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Politics

Dreamers restore visions of the chosen people

by Colin James
in Washington

AS polling drew to a close in downtown Washington on November 4 a Carter-Mondale car toured the streets with a loudspeaker blaring out urgent pleas to "Stop Reagan". The car was a Jaguar — an import.

It symbolised how far Jimmy Carter had got offside with the American Dream.

There is no surprise in his loss to Ronald Reagan, perhaps one of the greatest American Dreamers of all time.

Reagan promised to restore America to greatness. His theme was of a chosen people in a blessed land somehow gone wrong.

He preached fundamental spiritual, moral and social values.

On economics he said: "We want to turn you loose."

All but the Blacks and the Hispanics — those who speak Spanish — took up the offer. The old coalitions that have underpinned Democratic majorities for 40 years fell to pieces around Carter's ears.

According to surveys of voters leaving polling places, Carter won the union vote only 49 per cent to 41 and the normally solid Democratic Jewish vote 40-38. Among whites as a whole Carter lost 33 to 57 per cent to Reagan.

The South, once the bedrock of Democratic support, abandoned one of its own sons — Carter is from Georgia — to follow its conservative instincts into Reaganism.

Overall, the two-party swing was somewhere around 5 per cent on the early total vote figures — from about even in 1976 to 51-41 for Reagan.

To a New Zealand eye, there should be nothing surprising in that. Swings in New Zealand (and other Westminster democracies) were of that order in the 1970s.

Given the troubled economic state of the American union, a New Zealander would expect a hefty swing against the Governors.

But there is more to this swing. The Presidency still commands a respect bordering on reverence that the Prime Ministership here does not.

To some extent the President embodies the country as a king, or in modern Islamic parlance, an ayatollah.

There is thus an element of *lese majeste* in voting out the president. The last time it happened to an elected incumbent (Gerry Ford was appointed) was when Democratic Franklin Roosevelt beat Herbert Hoover in 1932. That, as now, was a time of uncertainty, economic depression and lost dignity.

To some extent the swing was against Carter the person: there was a feeling that he had demeaned the Presidency — and thus the country — by allowing the United States to be successfully challenged abroad and by failing to give any sense of direction domestically.

For me, to see him in the flesh was to confirm all my five-year-old prejudices about him: a shallow, unprincipled schemer, plucking out of the air such decisions as he made, with an eye on public opinion.

Overwhelmingly, Carter supporters I talked to were for him principally or only because they were against Reagan — or the forces they saw Reagan as representing.

Few had carried forward

their 1976 visions of Carter as a natural successor to Roosevelt and John Kennedy, builders of the just society.

Even in the things he did do in that tradition — the championship of the equal rights for women amendment to the Constitution, for example — the public perception of him as a flawed human being denied him full credit.

No matter what he did, he could do no right.

Style had superseded substance and the style was bad. By the last days of the campaign, when the prospect of a release of the hostages was dangled in front of the electorate by Iran, nothing Carter did was accepted at face value. There was a belief that he was somehow manipulating it for his own ends.

By contrast, the next four years may see a President who, whatever he does, can do no wrong. His style projects a sort of grandfatherly care, a humility in a personal sense coupled with a national pride, the distributor of sweets at a school picnic. Looking at him going among the crowds, it is hard to believe there can be a malicious or vicious fibre in his body until you remind yourself he has just fought his way up to the most powerful elected post in the world.

The contrast with Carter, always scoring cheap points, the mean, ruthless, relentless political infighter, is striking. At Carter's rallies, there were flashes of an ability to uplift, but they were swamped in his preference for negative politics.

But however warming Reagan's preference for the positive may have been, there are severe doubts about his style, too.

He is widely expected to delegate much more executive decision-making than Carter, so the question is: to whom? Some of those around him are regarded by the liberal establishment as dangerous right-wingers — either in economic or foreign affairs.

Economic affairs need not worry New Zealand much, beyond, perhaps, a slightly greater likelihood that a Reagan administration will be sympathetic to meat producers' pleas for protection.

But in foreign affairs Reagan's aides have been painted as trigger-happy cowboys. On election night there was much gallows humour about whom he would "nuke" first.

It is probable that Reagan will wave big sticks more internationally and to look more as if he means it than Carter did.

But, if anything, his is a contractionist rather than an expansionist stance. If he interferes it is more likely to be for America's self-interest than for the good of the souls of foreigners.

And two factors suggest a more moderate Reagan presidency than the campaign rhetoric.

One is that as Governor of California he ended up swimming with the big-government tide while protesting all along that he was turning it back. In other words, he adapted to political realities.

The second factor is that, judging by his wider net of advisers — those beyond the



Ronald Reagan... distributor of sweets at a school picnic



Gerald Ford... appointed, not elected



Jimmy Carter... ruthless, relentless political infighter

inner circle — he is likely to rely more on the professionals of United States national politics than Carter did.

Carter's "Georgia mafia" confronted Washington. Reagan is more likely — despite his plans for swinging cuts in Federal social administration

— to come to terms with Washington.

But whether Reagan will delegate principally to his inner circle or his wider, "professional" net may well go a long way towards determining the tone of his foreign policy — for example, how well

he could get along with or even understand an anti-nuclear Labour Government in New Zealand.

At this point it can be said with safety that he will increase arms spending and that he will be less concerned with morality in international affairs than

Carter and so more sympathetic to right-wing dictatorships. But beyond that, I am not qualified to go — and expert opinion in America is divided.

There is, however, another element of deep significance in this election for New Zealand.

It was not only a Reagan victory over Carter but a Republican victory over the Democrats. The Republican won back the Senate and made big gains in the House of Representatives — and principally at the expense of the more "liberal", or social democratic, Democrats.

The election showed in stark relief the beginnings of a realignment of American political alliances and coalitions that has its parallels in New Zealand.

I will explore that element in next week's column.

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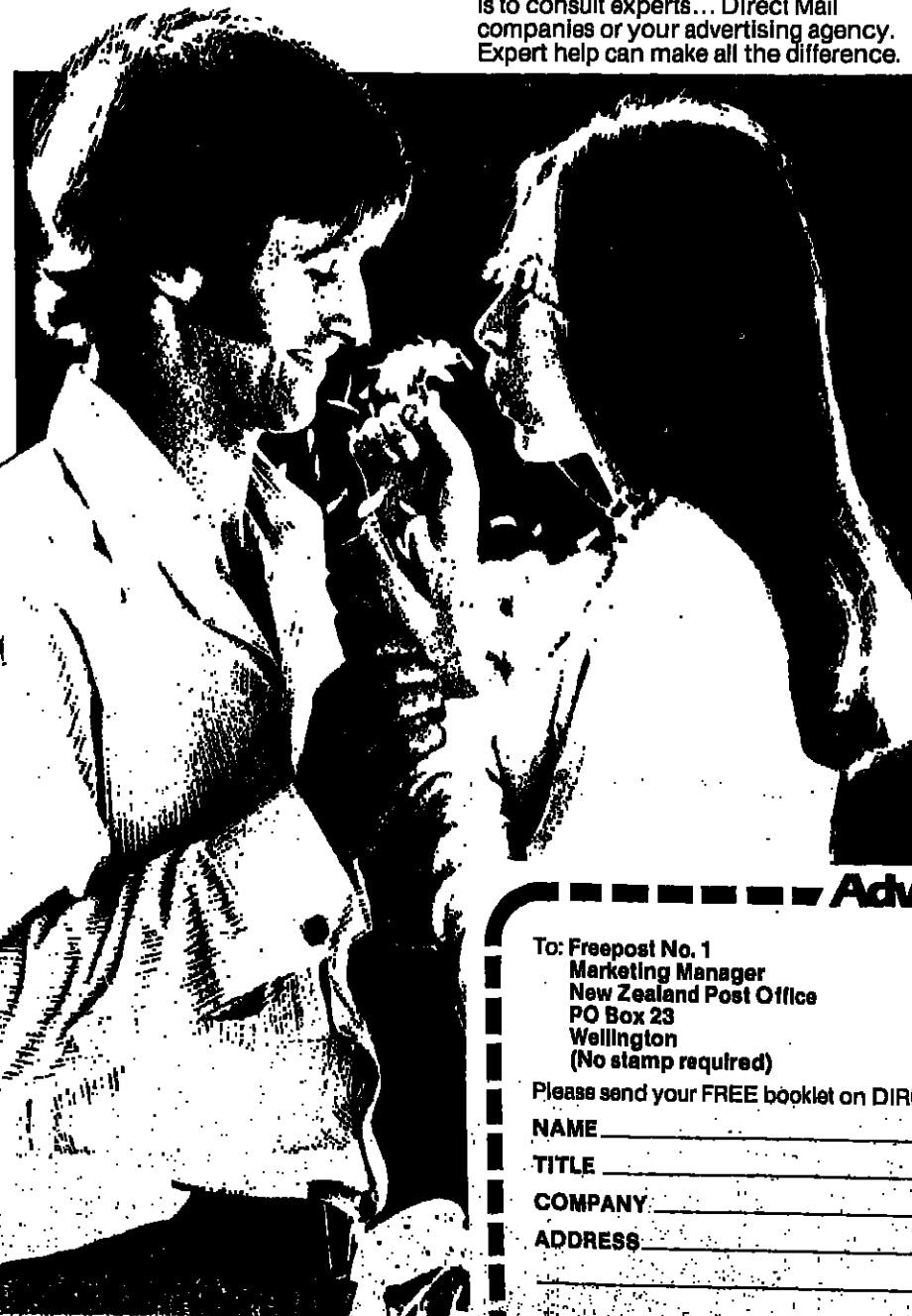
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How to Reach Your Market

As a New Zealand-wide bank, the POSB needed an efficient yet relatively inexpensive means of reaching out to prospective users of its new loans service. A number of alternatives were considered. Mass-media advertising was rejected because of the very heavy costs involved in a national campaign directed at what is essentially a limited market (in 1977, building permits were issued for 19,100 new homes). But research showed that the number of potential borrowers was large, covering a broad age spectrum, with minimal characteristics in common except the mutual desire to own their own homes.

The Solution

The solution was simple yet elegant; reach those people who are in contact with potential borrowers in a home-buying situation, notably solicitors, licensed land agents and builders. These intermediaries were the recipients of a series of Direct Mail shots, begun in 1977 and still continuing, wherein the details of the Housing Loans scheme were outlined and subsequently updated as legislation was amended. The Direct Mail campaign was supported by extensive in-house brochure and poster promotion. Further contact between the POSB and the 'middle-men' was made at POSB branch management level. The result: Outstanding success at very low cost.



Economics

Restoring employment: trading growth for jobs

Economics Correspondent
A LABOUR Government would restore the full-employment objective to the top of the list of economic goals. To make full employment a reality, a crash programme would be introduced immediately after the 1981 election to provide all young people with jobs or job training during the first five years after they leave school.

Setting off the Labour Party's election campaign in Christchurch (an area which has recently felt the impact of high youth employment), Labour Leader Bill Rowling outlined measures for achieving the full employment New Zealand enjoyed up to the mid-1970s.

He stressed the party's belief that the real cure to our unemployment problems must be brought about through more internal economic growth. But in the meantime, he said that the country cannot afford to allow an army of unemployed, largely composed of unskilled young, to remain adrift in the community. Training the young is an immediate priority. Other government programmes may have to be delayed until this training is brought about.

Rowling estimates that the scheme will cost up to \$140 million more than the present direct costs of unemployment as illustrated by the table.

In total, Labour would spend approximately \$372 million on employment related schemes, though Rowling notes that without accurate estimates of unemployment levels, it is difficult to put an exact cost on the programme.

But even if the proposals turned out to cost nearer \$500 million, the price of providing jobs for young people is not high compared to other services offered by the Government. Spending on national superannuation could reach \$17,000 million in 1981/82. This benefits around 430,000 people over 60, including many who still work and earn substantial incomes.

Rowling's scheme will be available to support 580,000 in the age group 15 to 24. Expenditure to help this group get a head start in life will be less than a quarter of spending on national superannuation.

There are now nearly 62,000 people registered as unemployed or with government special work programmes. Of these, a total of 30,624 persons were paid the unemployment benefit in mid-October including 21,111 males and 9513 females.

Rowling noted that the real figures of those without work may be twice the number officially recorded. He also mentioned predictions that if current policies continue, there could be 300,000 officially unemployed, or one in five of the potential workforce without jobs, in the next couple of years.

To Rowling, "the most serious part of that situation is the level of youth unemployment. We have a growing pool of young people who have few if any work skills or work experience and who are spending the first critical months of their working lives either on the dole or drifting."

The stark reality of youth unemployment is illustrated by the unemployment statistics. At present, 40 per cent of

those registered as unemployed are under 21 and about 25 per cent are under 18 years old.

In numbers, there are about 17,500 under 20 years who are unemployed. By 1981, the Labour Party estimates that this number will increase to 20,000. And the 6500 school leavers on some relief work will swell to about 8000.

But the official figures understate the problem. As unemployment benefits are paid for only six weeks on average, it is likely that a number of young people allow their registration to lapse after the benefit stops while remaining without work.

Others will not register because they cannot afford transportation to the Labour Department to register, because they find the officialdom at the Labour Department offices threatening or because they do not expect to get the kinds of jobs they want. Those without work who are under 16 are not eligible to register.

So by 1981, the total number of people officially registered as unemployed or on some sort of relief could rise to 28,000 and the real number of unemployed youth could be much higher.

But if the Labour Party wants to achieve full employment, it does not mean looking after those seeking their first jobs. There are growing numbers of educated, skilled prime working age men without jobs as well as women and older workers.

In Rowling's words, "experience shows that if young people are left out of work in that early period of their lives, they never adapt to a work situation. The economic and social costs for a country of only three million people, are devastating."

But experience also shows that unemployment in other age groups has economic and social costs.

Women provide a stable, reliable workforce, but those entering the workforce after having their families may lose confidence in work if the job search takes too long and may never attempt to find a job again.

The elderly tend to suffer more rapid physical deterioration and become more dependent on taxpayer support when forced out of the workforce before they want to retire.

It appears that the Labour Party wants to have full employment for all those seeking work, but has decided to concentrate on young people until economic growth provides jobs for the rest.

Like most recent governments, the party subscribes to the technocratic, growth orientated view that the "only possible longer-term solution to the unemployment problem is a growth in the number of available jobs that keeps pace with labour force growth."

"Over the next five years, to find jobs for those currently unemployed and those who will enter the labour market, the economy will have to grow annually by about 4 per cent". This is quite an increase, since annual growth over the past 5 years have averaged less than 0.5 per cent.

Theoretically, economic growth is a measure of the increase in an economy's real output and when the population stays the same, it is also a measure of a rise in living standards.

TALLYING UP THE DIRECT COSTS OF UNEMPLOYMENT

	1980/81 (estimate)	1979/80	1978/79
Dept of Social Welfare Unemployment benefit	88	86	64
Labour Department Employment subsidies: Private sector job creation	12	8	7
Public sector job creation	123	124	87
Other	1	5	2
Training grants	8	138	98
TOTAL	232	204	152
Percent increases		14%	34%

In 1980/81, the Government plans to spend \$232 million in subsidies to the unemployed compared with \$140 million spent on national superannuation.

When output increases, it may be the result of greater use being made of labour and capital inputs. But an expansion of output does not always mean more jobs.

Sometimes firms can get more output simply by reor-

ganising within their existing capacity. Or a firm may expand its capacity by employing more capital equipment, sometimes replacing existing workers with machines.

And anyway, as the Labour Party points out in the infor-

mation packet accompanying Rowling's speech, there is a substantial degree of under-utilised capacity in the private sector. This means that some firms could expand their output without reorganising, and neither employing more capital nor creating more jobs.

Experience overseas shows that there is no equation between rapid economic growth and full employment.

Labour's idea of offering employment incentives to firms is one way of making labour relatively more attractive than capital (machines) inputs when it comes to expanding output.

But it means that firms may not be using the least cost methods of production. And employment incentives are a market distortion just like price controls, import quotas and export subsidies.

Like any market distortion, they may interfere with price signals which determine whether resources are allocated efficiently.

So the full employment objective may be achieved, but the cost may be slower growth and lower living standards.

Labour has offered a clear alternative to the Government's "Think Big" campaign.

Whereas the Government wants to get growth first and then see about finding jobs for those without work, the Labour Party wants to provide jobs for those most in need first and then work for more economic growth.

But if full employment is ever again to be achieved, Labour might have to go a step further and redefine its economic growth objective.

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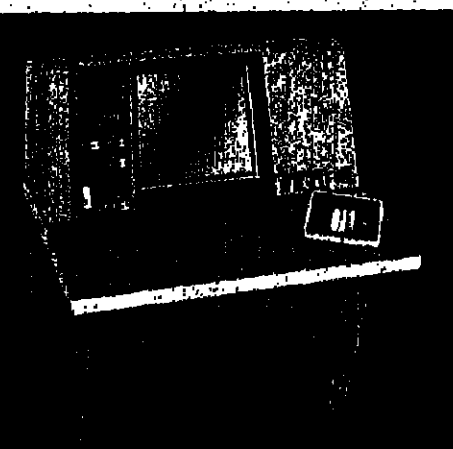
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Special partner procedure opens tax loss avenue

THE flotation of the special partnership, Hautonga Orchard Ltd & Co, is the latest syndicate-type venture to raise funds for development of the rural sector.

The partnership is a special partnership under Part II of the Partnership Act, 1908, and is also subject to the provisions of the Syndicates Act, 1973.

There will be 30 partners, each investing \$25,000 over the period to July 1983, in a kiwi-fruit orchard located outside Tauranga.

The partners have to subscribe \$17,000 on or before December 19 1980; \$3000 on or before July 1 1981; the same amount by July 1982; and \$2000 by July 1983.

The liability of the "special partners" is limited to payment in full of each share and no liability exists beyond that level.

The basis of a special partnership is that it can have more than 25 members to which an ordinary partnership is limited under section 408 of the Companies Act.

There is a "general partner" (in this case Hautonga Orchard Ltd) which is liable for all the partnership obligations, while the special partners are liable only for their payment of the capital in full.

The concept of the special partnership has special tax advantages, because partnership

tax losses can be used by the individuals to offset against their taxable income from other sources.

In the present case, tax losses are expected to be available for that purpose until 1988. The losses are estimated to peak at \$109,600 in 1982 and then decline steadily each year until they reach \$1500 in 1988.

The partnership profit is expected to start in 1985, according to the prospectus, at \$22,400, rise to \$170,100 in 1986, \$334,100 in 1987 and \$411,000 in 1988.

The special partnership provisions of the Partnership Act were little used in the period 1908-70. But the present offering is not the first special partnership or syndicate to have an association with primary industry.

In 1971 that famous (or infamous) organisation, JBL, set up "Special Trading Partnership No 1", which was to "purchase from JBL Seafoods Ltd the exclusive franchise to sell Jaybel fish products within the Auckland Metropolitan Area".

Earlier, the JBL organisation had syndicated trawlers in its fishing operations, ostensibly to let private investors in on the ground floor, but probably to get some liquidity and cash flow into what was becoming a risky organisation.

The syndicate system had no legal control until 1973, when the Government introduced

PETER O'BRIEN comments on the financial and business week, appraises the share market and analyses the company accounts.

the Syndicates Act, after the JBL debacle.

The Gemco organisation, set up for beef operations, also ran syndicates in the rural sector, but that business collapsed in 1975 when the bottom fell out of the beef market, and the group was holding cattle which had cost more to buy and raise than they could realise. (NBR, August 10 1977, referring to the liquidator's preliminary report).

In 1972, after JBL went down the spout, I criticised the existence of special partnerships in the *Sunday Herald* (no longer with us). That drew a reply from the late Gert Lau, probably New Zealand's most distinguished business consultant. It was private correspondence, but eight years later it can be published, and is relevant.

Lau said: "If it were not that companies in the Commonwealth afford the opportunity to give debentures, special partnerships would be popular in the Commonwealth and particularly with the double taxation of companies and their shareholders I would suggest special partnerships are an appropriate form for family firms. I have not come across, on the Continent, any case

where the personally liable partners were dummies as nobody should be prepared to engage that risk."

He added that a form of special partnership under the name of Kommandite had been a very popular form of partnership on the Continent for over 100 years. (That sentence started with the typically delicate Lau sense of humour; "I do not know whether you are aware that..." No doubt about it, I was completely unaware!)

There are many thousands of such partnerships, "and some of the oldest and well-established firms on the Continent

which are still family firms operate as special partnerships. So, as a matter of interest, has the well-known House of Rothschilds until recently".

The Hautonga Orchard scheme is more soundly based than other ventures of a similar nature, particularly as the law has been considerably tightened.

The only questions are the possibility that problems could occur in the international kiwifruit market some years down the track, or the usual matter of risk associated with any soil-based venture where weather and other factors can affect development, production and consequently income.

Other ventures of a similar type may come along in the wake of Hautonga, which has the feature of being organised, with the approval of the Wel-

lington Stock Exchange, by brokers, R A Jarden and Co.

In *NBR Outlook* earlier this year it was suggested that there was no reason why a sound investment proposal based on New Zealand's growth areas in horticultural production should fail, "provided it takes account of regular fluctuations in commodity markets, the effects of climatic conditions, and the time needed to give the investor a realistic return, relative to the opportunity cost of alternative investments". It was noted that syndication in the thoroughbred and standard bred horse industry has existed since the mid 1960s.

When these deals are done under the special partnership procedure they have the valuable advantage of taking the tax loss to account in an individual's other taxable income.

Share bonanza turns into a 'bellhop'

EARLY last week it appeared that New Zealand might be experiencing what the cynical Americans call a "bellhop" market.

In such a market every person with a few spare dollars buys shares (hence the reference to "bellhop", a person employed in an American hotel).

It could be thought reminiscent of the situation in Australia about 10 years ago when everyone was making money, particularly in crazy mining floats, and ignoring their main occupations.

(For example, a visitor from western New South Wales, staying in a top grade Sydney hotel, was unable to buy small items at the small shop in the foyer, because the counter girl was spending long periods on the telephone talking to shareholders. It just happened that her boyfriend was connected with a go-go mining stock, although his wife was apparently unaware of hubby's extra-curricular activities in the retail business.)

But the New Zealand market has a better underpinning than

the frontier days of Australian mining fever.

The main interest is still in the Challenge, Fletcher, Tasmans merger. The market capitalisation of the new Fletcher Challenge had increased by a notional \$10 million since October 17, taking a theoretical "new" share price of \$1.57/1.58 at that date and a price of \$2.12 last Tuesday, and ignoring for the moment that the constituent companies are all cum dividend.

As at Tuesday, the total capitalisation was \$468 mil-

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Analysing annual accounts: Property Securities

PROPERTY Securities Ltd, the Wellington-based property developer, is one of the few New Zealand companies to reduce both its borrowings and its interest bill in the latest financial year.

Chairman Frank Renouf, writing in the annual report, explains the reason:

"As mentioned in the interim report, your directors are not prepared to commit the company to a high level of borrowing at interest rates far in excess of the rental returns currently available.

"Proceeds of sales over recent years have, therefore, been applied in reduction of borrowings, with the result that interest expenses have reduced substantially".

The well presented profit and loss account has two entries for interest costs. The first ("interest expense") was \$11,466 in the year to July 31

1980, compared with \$40,493 in the previous year.

The second ("interest on debentures and other fixed loans") dropped from 1979's \$182,454 to \$156,427.

The balance sheet shows what has happened to the company's borrowings. Total term liabilities were \$1,593,116 at July 31, as against \$2,018,818 in 1979.

Registered mortgages on properties fell from \$687,590 to \$446,525; registered debenture stock stood at \$450,945, compared with \$570,750, and unpaid land purchase money finished the year at \$695,646. That item was \$760,478 in 1979.

The group also cut its current liabilities by \$103,000 to \$1,205,903, the main reason being a reduction in bank overdraft from \$232,600 to \$62,295.

As a result of these various

movements in the accounts, the balance sheet total ended the year at \$8,043,807, compared with \$8,130,007 in 1979.

A sizeable jump in the company's proprietorship ratio (shareholders funds to total assets) was the result. The ratio rose from 59 per cent to 65.2 per cent, in spite of another regular writeup of property values to take account of the latest government valuations.

The balance sheet changes, which reflect the company's present philosophy on borrowings and investment, had an interesting effect on the relationship of cash flow (cash profit from all sources after tax, plus depreciation).

Group net profit after tax and including extraordinary items, was \$652,631, a sizeable decline on the previous year's \$809,234, although the extraordinary profit item fell from \$174,013 to \$47,609.

The 1980 depreciation amount was \$28,749. It stood at \$25,303 in the previous year. Therefore, total cash flow was \$681,110 compared with \$834,537.

The relationship of cash flow to total assets (a ratio which shows the company's capacity to finance its operations) declined from 10.26 per cent to 8.47 per cent.

That is out of proportion with the dollar drop in cash flow, but the lower asset level accounts for the difference.

Property Securities' accounts put into perspective the theory that property companies do well out of inflation.

That theory is correct so far as their existing investments are concerned in terms of capital value, but if a company is also running a trading operation (whether a portfolio of properties for development and resale or leasing premises)

the high cost of funds and the returns available in recessionary times can erode parts of the theory.

Renouf touches on some of these points in his review with the accounts: "Although tenant movements due to financial and other pressures have continued to increase, the re- leasing of vacant space is satisfactory.

"With the uncertainties in the economy it is difficult to predict whether or not this trend will continue and although our vacancy factor is still low, the position is being closely watched."

And in another passage: "Your company has investigated many proposed and existing ventures during the period under review. In most instances they did not meet the criteria considered appropriate by your directors for sound investment as the high cost of

building produces rentals which are often well above the current market level and which do not equate with high borrowing costs."

Another comment on section sales is interesting, because it might show the start of a slightly improving trend.

Renouf says that section sales were disappointing in the first half of the financial year, but that there was a noticeable improvement in demand during the second six months, "with the result that sales for the full year were only marginally less than budget".

Property Securities has been a high flyer on the sharemarket for several years, in spite of the odd profit hiccup in recent years.

The annual reports are always well-presented, and provide the range of information necessary to get a grasp of what happened.

market phase

lion, compared with \$346 million on October 17. It may be different now, because there could be profit-taking, which would ease the prices, or additional investor support could come on the way up.

The effect of the merging companies on the New Zealand United Corporation Index, plus the movements in other share prices, resulted in the index rising about 12 per cent in 11 trading days.

The bonanza spilled over to numerous other companies in the period since the proposed merger was announced.

The market had other things to consider last week, including the release of the Bridgevale Mining prospectus, and the announcement that a new company will be formed to seek a television channel.

The ATN proposal appears an attempt to counter Wilson and Horton's decision to seek expansion into television. The opposing powerful newspaper companies are obviously going to battle for the right to transmit, but there can be only one winner, assuming that any outsider is able to break the Broadcasting Corporation's television monopoly.

The Bridgevale Mining prospectus carries the warning common to all mining floats that the securities are speculative. This is unlikely to deter investors from taking a position, either in the hope that there will be a good stag gain, or that in time the various leases and rights will provide a sizeable cash flow.

Apparently there has been a good response to the float in terms of applications, but it will be some time before the short-to medium-term share price level is determined.

The underwriters have asked potential subscribers to read the prospectus because it is "imperative that one should be given the opportunity of

reading the prospectus before receiving firm allocations".

That is a good idea, but not as easy as it sounds. The section on the Texas oil and gas leases contains the calculations of the consulting petroleum geologist when estimating the "primary recoverable oil" from prospects.

The formula is based on (wait for it) the number of acres multiplied by 43,560, divided by 5.6147, multiplied by porosity, multiplied by hydrocarbon saturation, multiplied by percentage of expected recovery, multiplied by recovery after loss due to evaporation loss in recovery. Thus we get interesting calculations for nine operations.

One of them reads: 40 x 43,560 over 5.6147 x 4 x .11 x .73 x .25 x .75 = 18,689.53 barrels.

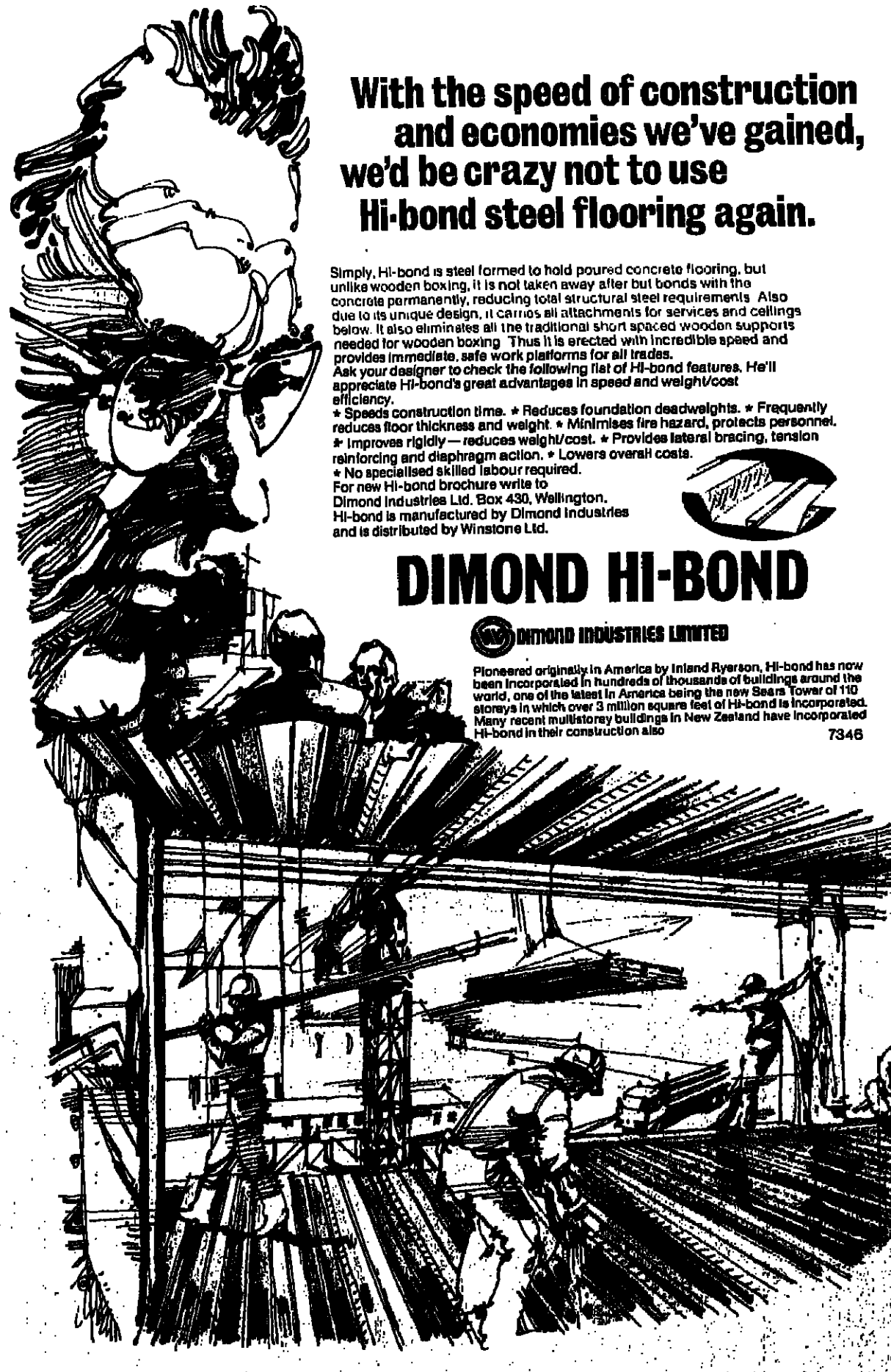
When your average Kiwi investors have ploughed through that information (which is obviously necessary in a prospectus) it will be interesting to know whether they will be any better informed on the company's merits.

And it will be of little use consulting with your friendly bank manager, solicitor or accountant in making up your mind, because those people tend to lack doctorates or honours degrees in geology.

Bridgevale starts life with an income, and some proven prospects, although there is still a speculative element in the venture, particularly as "it is not intended to pay dividends in the immediate future".

The key to a share price might be an overseas interest in the company, which could be translated into the New Zealand market.

Note: The writer owns shares in Challenge Corporation, has applied for shares in Bridgevale Mining and is associated with Wilson and Horton in a journalistic capacity.



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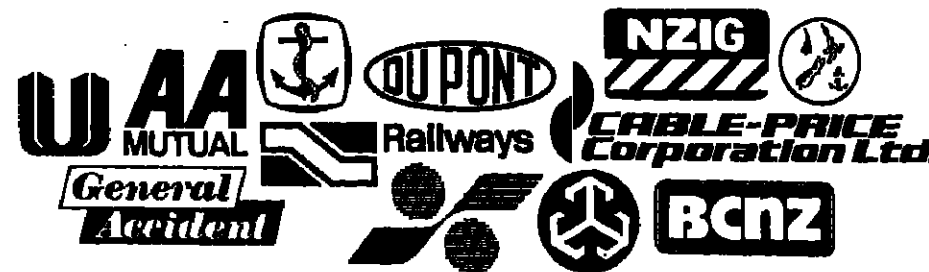
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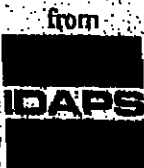
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Culture clues for the cosmopolitan kiwi executive

NEW Zealand's growing involvement in world markets confronts local executives with several adjustment problems when dealing with counterparts from different cultures.

Two recent books are useful in contrasting the business style of Arabs and Japanese.

The Arab Executive, by Farid A. Muna and *Business in Japan*, edited by Paul Norbury and Geoffrey Rowns, give an insight to what New Zealand businessmen can expect if they negotiate with people in the Arab States or Japan.

According to the book on Japan, the decisions in business organisations originate at the lower levels where day-to-day business is done, and are then coordinated and approved by senior management.

In Arab countries, joint-decision making is unlikely to be widely adopted, "even for decisions which are best suited for this style", Muna said the reasons were:

- Subordinates might view it as a sign of weakness on the executive's part; they expect to be consulted but prefer not to make the final decision.

- Arab executives prefer and feel more at ease with the consultative decision-making style.

- Arab executives and



When in Japan... do as the Japanese

subordinates tend to dislike team work.

"The Japanese, as is well known, consider team work essential in running business."

Writing in *Business in Japan*, Michael Isherwood, manager of the general affairs department and assistant to the director of Mitsubishi, London, said the process of decision-making takes a long time and can prove very frustrating.

"The reason is that everyone (and every department) who will be concerned in or affected by the final outcome must be consulted and his opinion taken into account."

"The Japanese have developed a remarkable ability to modify individual opinions in order to reach a consensus."

"In practice, where this consensus is achieved, senior management formally approve the decision and everyone will then give the matter their

fullest support and the implementation will go ahead very quickly and smoothly," he said.

The Japanese system of life-long commitment to the organisation and promotion from within (managers are never hired from outside the company) can be contrasted with Muna's comment that personnel selection or promotion based only on efficiency or achievement may frequently be violated in view of the importance in the Arab world of nepotism, loyalty and personal connections.

Another difference appears to be in the method of conducting the first introductions in the Arab world and in Japan.

Muna said that when Arabs meet their counterparts for the first time, they usually attempt to establish each other's family identity (thus reflecting the point that the "family clearly



When in Arab countries... the family comes first

has a clear preference over other loyalties such as the nation, political party or religion", and we can probably add, the company.)

The Japanese make introductions by referring to the organisation. This system may reflect the statement "that the lifetime employment system makes the working group the most important group in life."

Therefore the Japanese, as most people who have dealt with them will know, place great importance on business cards.

Isherwood said the exchange of cards is formality as important as shaking hands.

The cards should give the full address and one's position in the company, the latter point because "in Japanese companies titles indicate rank rather than function".

A host of differences

between Arab and Japanese businessmen go back to the different social structures of the two areas.

For example, Islam is intermingled with day-to-day living in Arab countries: "the holy Koran is rich with praise, as well as codes of conduct for business and trade," Muna said. He has a quotation as a chapter heading from the Koran: "Consult them in affairs of the moment, then, when thou has taken a decision, put thy trust in God."

While the book on the Arab executive is totally serious, *Business in Japan* has its lighter moments, particularly in the section regarding entertainment, where Japanese business spends about 1.5 per cent of GNP, more than the amount spent on defence.

The Japanese are said to have an expression which translates as "drinking up the

ladder". Apparently you have the "first get-together" then the "second get-together", and so night out can be considered successful unless you adjourn to at least one other bar, the "second get-together".

But George Fields, chairman of a large consumer research organisation in Japan, and recently in New Zealand to speak on the attitudes of Japanese tourists, has a word of warning:

"If after having been lavishly entertained at the first get-together, you decide to reciprocate at the *Niykan* (second get-together) level, don't use this opportunity to drag your host off to your favourite bar simply because you want to renew acquaintance with your favourite hostess."

"Your local bar contact for these occasions should be impersonal and business-like: a good Japanese hostess understands this and will make sure that your guest is the centre of attention."

But perhaps that doesn't apply to kiwi businessmen. Would our people have a "favourite hostess"? Unthinkable!

Business in Japan, edited by Paul Norbury and Geoffrey Rowns, and *The Arab Executive*, by Farid A. Muna, both published by Macmillan (New Zealand), price for each \$39.95.

Stock Exchange weekly review

FOR WEEK FRIDAY OCTOBER 31 TO THURSDAY NOVEMBER 6



	Last sale	Week's high	Week's low	Turnover
ALUMINUM, SEC	125	135	115	470
ALUMINUM, 100	125	135	115	470
ALUMINUM, 200	125	135	115	470
ALUMINUM, 300	125	135	115	470
ALUMINUM, 400	125	135	115	470
ALUMINUM, 500	125	135	115	470
ALUMINUM, 600	125	135	115	470
ALUMINUM, 700	125	135	115	470
ALUMINUM, 800	125	135	115	470
ALUMINUM, 900	125	135	115	470
ALUMINUM, 1000	125	135	115	470
ALUMINUM, 1100	125	135	115	470
ALUMINUM, 1200	125	135	115	470
ALUMINUM, 1300	125	135	115	470
ALUMINUM, 1400	125	135	115	470
ALUMINUM, 1500	125	135	115	470
ALUMINUM, 1600	125	135	115	470
ALUMINUM, 1700	125	135	115	470
ALUMINUM, 1800	125	135	115	470
ALUMINUM, 1900	125	135	115	470
ALUMINUM, 2000	125	135	115	470
ALUMINUM, 2100	125	135	115	470
ALUMINUM, 2200	125	135	115	470
ALUMINUM, 2300	125	135	115	470
ALUMINUM, 2400	125	135	115	470
ALUMINUM, 2500	125	135	115	470
ALUMINUM, 2600	125	135	115	470
ALUMINUM, 2700	125	135	115	470
ALUMINUM, 2800	125	135	115	470
ALUMINUM, 2900	125	135	115	470
ALUMINUM, 3000	125	135	115	470
ALUMINUM, 3100	125	135	115	470
ALUMINUM, 3200	125	135	115	470
ALUMINUM, 3300	125	135	115	470
ALUMINUM, 3400	125	135	115	470
ALUMINUM, 3500	125	135	115	470
ALUMINUM, 3600	125	135	115	470
ALUMINUM, 3700	125	135	115	470
ALUMINUM, 3800	125	135	115	470
ALUMINUM, 3900	125	135	115	470
ALUMINUM, 4000	125	135	115	470
ALUMINUM, 4100	125	135	115	470
ALUMINUM, 4200	125	135	115	470
ALUMINUM, 4300	125	135	115	470
ALUMINUM, 4400	125	135	115	470
ALUMINUM, 4500	125	135	115	470
ALUMINUM, 4600	125	135	115	470
ALUMINUM, 4700	125	135	115	470
ALUMINUM, 4800	125	135	115	470
ALUMINUM, 4900	125	135	115	470
ALUMINUM, 5000	125	135	115	470
ALUMINUM, 5100	125	135	115	470
ALUMINUM, 5200	125	135	115	470
ALUMINUM, 5300	125	135	115	470
ALUMINUM, 5400	125	135	115	470
ALUMINUM, 5500	125	135	115	470
ALUMINUM, 5600	125	135	115	470
ALUMINUM, 5700	125	135	115	470
ALUMINUM, 5800	125	135	115	470
ALUMINUM, 5900	125	135	115	470
ALUMINUM, 6000	125	135	115	470
ALUMINUM, 6100	125	135	115	470
ALUMINUM, 6200	125	135	115	470
ALUMINUM, 6300	125	135	115	470
ALUMINUM, 6400	125	135	115	470
ALUMINUM, 6500	125	135	115	470
ALUMINUM, 6600	125	135	115	470
ALUMINUM, 6700	125	135	115	470
ALUMINUM, 6800	125	135	115	470
ALUMINUM, 6900	125	135	115	470
ALUMINUM, 7000	125	135	115	470
ALUMINUM, 7100	125	135	115	470
ALUMINUM, 7200	125	135	115	470
ALUMINUM, 7300	125	135	115	470
ALUMINUM, 7400	125	135	115	470
ALUMINUM, 7500	125	135	115	470
ALUMINUM, 7600	125	135	115	470
ALUMINUM, 7700	125	135	115	470
ALUMINUM, 7800	125	135	115	470
ALUMINUM, 7900	125	135	115	470
ALUMINUM, 8000	125	135	115	470
ALUMINUM, 8100	125	135	115	470
ALUMINUM, 8200	125	135	115	470
ALUMINUM, 8300	125	135	115	470
ALUMINUM, 8400	125	135	115	470
ALUMINUM, 8500	125	135	115	470
ALUMINUM, 8600	125	135	115	470
ALUMINUM, 8700	125	135	115	470
ALUMINUM, 8800	125	135	115	470
ALUMINUM, 8900	125	135	115	470
ALUMINUM, 9000	125	135	115	470
ALUMINUM, 9100	125	135	115	470
ALUMINUM, 9200	125	135	115	470
ALUMINUM, 9300	125	135	115	470
ALUMINUM, 9400	125	135	115	470
ALUMINUM, 9500	125	135	115	470
ALUMINUM, 9600	125	135	115	470
ALUMINUM, 9700	125	135	115	470
ALUMINUM, 9800	125	135	115	470
ALUMINUM, 9900	125	135	115	470
ALUMINUM, 10000	125	135	115	470

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Explanation of Trade and Industry licensing review

TWO weeks ago, NBR reported on the outcome of a review which followed the three prosecutions against a former Trade and Industry official, Brian Pound, and three import companies.

After the jury failed to agree, in each of the three trials, the prosecutions were abandoned but the Trade and Industry Department stated that a review of some import licensing matters would be undertaken.

In the Pound trials, a departmental officer called, for the defence, named companies, not the subject of any prosecution, who had a history of licence increases which the witness considered to be comparable to increases which Pound had approved.

The defence's point in calling such evidence was to demonstrate that many other

companies had received licence increases through other departmental officers which were entirely proper.

As NBR reported, following the review three further companies became the subject of court cases, and suffered licence cancellations.

Other companies, named in court by the departmental officer, and listed by NBR two weeks ago, have asked us to clarify their innocence in the matter.

Norman W Doo and Sons of Auckland (incorrectly called Norman Doo Ltd by the officer) have asked us to make it clear that in no way has that firm, or any firm with which its principal Norman Doo is associated, been involved in any underhand dealings with the department. If any such meaning was taken from our report, then that was not in-

tended and NBR disclaims any such meaning.

J J Caldwell Ltd, another company named, has asked us to make it clear that it has no knowledge of any review or investigation and further acknowledge that it is a company of the highest repute whose conduct, with respect to licence allocations has been entirely proper at all times. We readily give this acknowledgement.

B R Homersham Ltd, of Christchurch, has emphasised that any suggestion that B R Homersham Ltd is, or has been, under any form of investigation by the Fraud Squad or otherwise is completely untrue, as is any implication that the company has been guilty of any impropriety with regard to import licences.

If any person took any such meaning from the article then

NBR makes it immediately clear that such meaning is wrong and is entirely disclaimed by NBR.

More generally, we wish to make it clear in respect of all the companies listed that they were

named by a departmental officer in court cases as part of defence evidence directed to proving innocence and propriety of trading. NBR regrets any contrary implication which the report may have created.

There is no suggestion to be

taken from our article reporting the court case and subsequent departmental statements that there was anything improper in the licence history of these companies or that they had any links with Brian Pound or the companies with which he was jointly charged.

US ruling on Delta's export incentives

Continued from Page 1

make a new type of ear-tag for the American market and production will not be big enough to meet the present export demand.

The Commerce Department's ruling said, in summary, that it had made "a preliminary determination, under section 303 of the Tariff Act of 1930, that the Government of New Zealand has given subsidies within the meaning

of the countervailing duty law, to the manufacturers, producers or exporters of plastic animal identification tags." The amount of the subsidy was put at 6.7 per cent.

According to the Department of Commerce, a determination of injury to a domestic industry is not required in investigations under section 303. It is required, however, in investigations concerning non-durable merchandise, not subject to normal customs duties.

Animal identification tags are non-durable, the International Trade Commission concluded in preliminary investigation two weeks ago. It issued a preliminary determination that there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, by reason of imports of plastic animal identification tags from New Zealand.

The Commerce Department's report says the New Zealand Government has several programmes which allow special income tax deductions. "The Government of New Zealand has informed the department that Delta Plastics has qualified for... the Increased Export Taxation Incentive Scheme (IETI)," the report says.

The IETI provides the taxpayer with a deduction from income for increases in export sales of qualifying goods during the income tax year. "Because of confidentiality restrictions in the New Zealand Revenue Department Act, the Government of New Zealand has refused to release specific tax information for specific taxpayers," but the Government noted that the company's annual report mentioned it had received \$NZ438,819 in tax credits for its worldwide export sales in the 1980 fiscal year.

"We have been advised by counsel (for Delta) that animal identification tags and applicators were the only export products for which the company received the tax credit and that this money was received under the IETI programme.... This tax credit is 6.7 per cent of the company's total export sales for fiscal year 1980.

"We preliminarily determine that there is a reasonable basis to believe or suspect that the IETI programme established by section 156 of the New Zealand Income Tax Act, as amended, is a subsidy within the meaning of the United States countervailing duty law.... Based on figures supplied by the Government of New Zealand, the amount of the subsidy is 6.7 per cent *ad valorem* on the exports to the United States."

The report notes that imports of animal identification tags increased substantially between 1977 and 1979, but the rate of increase at which imports are penetrating the American market, appears to

have been levelling off during the 18 months from the beginning of 1979. "Moreover, while imports from New Zealand have had an overwhelming share of the market of two-piece animal identification tags, the US producers have been capturing an increasingly larger share..." the report says.

The Delta ear-tag case might be seen to have serious implications for other New Zealand companies exporting to the United States insofar as the precedent paves a legal road.

But it is doubtful if American companies will follow this expensive road where a sweat at tiny New Zealand. The cost of presenting a petition is about \$5000 and it doesn't include the subsequent legal costs.

Only two New Zealand companies, Delta and Devo, the New Zealand lamb exporting company, enjoy market share of any significance in the United States.

The case against Delta might have resulted from pique as much as from hard-headed commercial reasons. Devo may be vulnerable to attack from American sheepmeat interests. But Devo has been trading very cautiously and diplomatically in the American market.

New Zealand exports to the United States may be subsidised in terms of American law and GATT.

They are important to us. But taken, item by item, there are no more than a flea bite to American competitors in the huge market.

Chances are good that we will remain the tiny rogue that none bothers to prosecute.

The Tokyo Round of GATT trade agreements produced the "subsidies code" — an international accord on subsidies and countervailing duties that might be imposed to counteract these subsidies. New Zealand has not signed this agreement.

If we sign, we undertake to reduce subsidies, and there is little doubt our export incentives would fall into the category. On the positive side, we sign any petitioner against New Zealand exporters would have to prove material injury to proceed.

If we don't sign, the petitioner does not have to prove material injury. The effect of losing a subsidies case is to have countervailing duties placed on the product at the border to offset the effect of subsidies allowable.

The GATT subsidy code clarified the sorts of subsidies allowable and the procedure for a petitioner to obtain countervailing duties.

Prior to the code, subsidies for non-primary producers were illegal only if the subsidy before the sale of a product in export markets at prices lower than the price for the same product in the market.

Taxpayer to help lure Australian holidaymakers

EARLY next year the Tourist and Publicity Department will launch a \$400,000 promotion campaign to persuade Australians to cross the Tasman for their holidays.

The taxpayers' dollars will set the theme on which private sector tourist operators will build.

Essentially the campaign — which Tourist and Publicity forecasts lasting for several years — will be aimed at making the local advertising dollar a more potent and effective draw of tourists.

To do so it will have to overcome the competition from the travel bureaus and airlines of at least 23 countries all vying for the Australian tourist. Statistics show that recently this country has been losing the battle.

Overall the inflow of Australians is showing signs of slackening. But those declaring themselves as tourists has dropped sharply, down 10 per cent in the year to June 30. Other figures show that this country's share of overseas-bound Australian holiday-makers is declining.

The co-ordinated advertising concept, as worked up by the J Walter Thompson agency, was explained to inbound tourist operators the other day. Tourist and Publicity's director of tourism Tony Shrimpton says it was enthusiastically received.

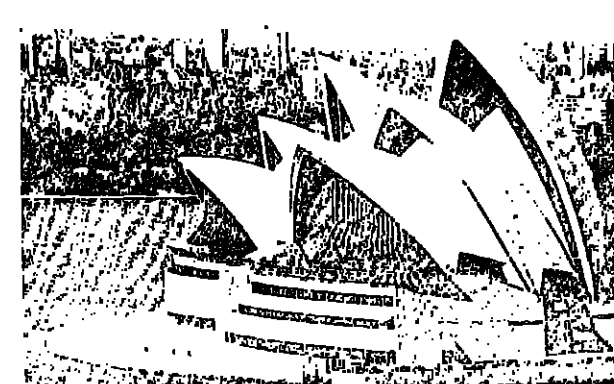
"We are asking the agency to develop it further," he said. The exact theme of the campaign, to be built into a television commercial which is where most of the Tourist and Publicity's budget will go, has yet to be finalised.

It will be shown from Queensland to South Australia with special attention to Tasmania and the opening of air service between Hobart and Christchurch.

Air New Zealand is expected to direct part of its advertising budget to support the promotion. Qantas will also be supporting the campaign.

Shrimpton says the theme will be flexible enough to allow inbound operators to use it to aim specifically at certain groups in the market.

"We do not look on it as a question of other operators



Australian tourists... trying to stop the ebbing tide

chipping in. We are suggesting that, by picking up the theme, operators can promote New Zealand far more effectively."

It has not yet been decided whether the promotion will be launched with a bang or phased in gradually.

This is not Tourist and Publicity's first co-ordinated advertising campaign with the

industry. Similar approaches have been made before, on a smaller scale, to promote skiing.

"It's a way of more effectively spending the New Zealand advertising dollar," Shrimpton said.

Success will be measured by the extent to which the ebbing tide of Australian tourists

is stemmed. "We would like to recover the 1 to 2 per cent of the Australian market."

As a percentage, Australians have dropped from 52.2 per cent of all visitors to 47.9 per cent.

In 1981 the department would be happy to arrest the decline, with growth occurring in the second year.

If the campaign "proves itself" a second, third and subsequent years will be considered. The promotion will be aided to some degree by a revised Tasman air agreement to be discussed between the two Governments before Christmas.

Both Air New Zealand and Qantas have found the budget discount winter fares too successful, turning a winter trough into a small hill.

To smooth out the bump, both airlines want the incentive fares adjusted to even out the

load. That inevitably means fare rises.

Both airlines are urging further refinements including differing inflow seasons in both markets. The airlines have found that New Zealanders want to go to Australia at a different time to when the Australians want to fly to New Zealand.

Other issues to be discussed include more Australian get aways for Air New Zealand Rights to Adelaide, Perth and Townsville are desired. And the Australians also want to discuss Mount Cook's application for Tasman services.

Australian regulations insist that all Australian Tasman operators must operate under the Qantas banner.

New Zealand has no such provision, raising the question of whether each country can designate more than one Tasman carrier.

Goodyear Breakthrough

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Mile after mile

The grip you need. The mileage you want. Now Goodyear's breakthrough in tyre technology gives you both. Goodyear Grand Prix S steel belted radial.

Grand Prix S Grip. Even with the Goodyear Grand Prix S tread worn down to the minimum legal depth, the grip is remarkable. In the wet, around the sharpest corners, Goodyear Grand Prix S hangs on — the result of years of

BIG MILEAGE

the grip goes on

technical research and development in the laboratories and on the test tracks of Europe. No other tyre can boast the Grand Prix grip.

Grand Prix S Mileage. Tread erosion and squirm are greatly reduced because the Grand Prix S tyre tread lays evenly on the road which results in more uniform tread wear, and mile after mile of extra tyre life. When the tread on most other tyres has long ceased to be effective, Goodyear Grand Prix S grip goes on.

Grand Prix S.

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Tests on overseas Goodyear Grand Prix S tyres suggest that no other tyre maintains such a high contact with the road in the wet.

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REQUIREMENTS:

- Proven successful experience at a senior level in the finance industry would be a distinct advantage.
- A self motivated person able to motivate others.
- The confidence and skill to carry out negotiations at senior management level.
- A tertiary education qualification in business related subjects.

REWARDS:

- Because of the importance attached to this appointment a top flight remuneration package is available, including substantial benefits. Details will be discussed at a confidential interview.

APPLICATIONS:

Strictly confidential. No enquiries will be made and no information will be disclosed without the permission of the applicant. Please apply in writing stating age, experience, qualifications, other relevant information and telephone numbers, mentioning Position R.B. 1888 to:

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MANAGEMENT RESOURCES LIMITED
Box 11-237, Manners Street PO
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Above: Rover 3500 Automatic styled in gilt

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Rover 3500 Automatic and 2600 Automatic 5-speed Manual. Available in a selection of colours. See your Rover dealer.

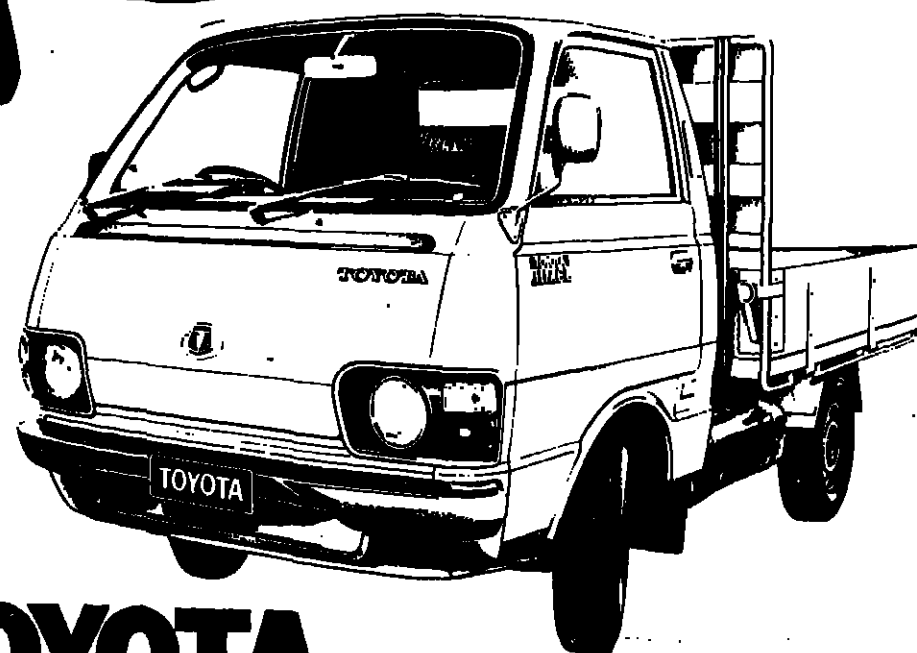
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New dimensions in driving technology
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New Zealand Motor Corporation Limited LMD

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14982

Aviation

Bigger and sleeker jumbo latest off Boeing line

A BIGGER jumbo jetliner, a double-deck 747 capable of carrying up to 800 passengers, is the answer to rising fuel costs and congested airports, according to Boeing 747 programme manager Jim Austin.

When Boeing's 747 was developed in the early 1960s, it doubled the size and capacity of commercial aircraft.

"The quickest way to go out of business on a particular air-plane model is to stop changing it," Austin said.

The 747 has already gone through seven model changes. The first three offered in 1969 when Pan Am bought its fleet for trans-Atlantic service were, passenger, passenger/freight combi, and freighter.

A subsequent order from Japan Airlines introduced the 747 short range. And as more powerful engines were developed greater payloads became possible.

The last model 747 was the SP (special performance) — the hot rod of jumbos with the same power of a full-size 747 but with 47 feet chopped out of the fuselage.

Though the SP carries fewer passengers, it is lighter and faster than the standard 747 and it can land on short runways.

Meanwhile Austin and his team were working on the next generation of 747 jumbos.

The unique feature of the 747 is the upper deck behind the cockpit. This upper deck can now take 32 economy-class passengers. There is a mock-up in Boeing's plant for a 747 with a stretched upper deck capable

of taking 69 passengers.

The next version of the 747, said Austin, could be a stretched double deck aircraft capable of taking 800 passengers — double the number now carried in 747s.

Why go bigger? Because, said Austin, this was the way to beat the fuel bills and better the seat-mile costs. And bigger, less frequent flights would alleviate airport congestion.

The alternative to bigger planes? "We would shift 747 passengers into DCs and the whole damn sky would be covered with aluminium", he said.

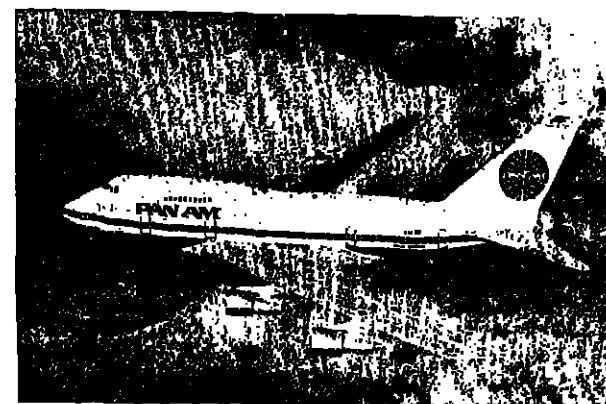
A stretched double deck 747 would need only marginally bigger engines, 56,000 pounds of thrust versus 53,000 on a 747, Austin said.

Boeing, Austin said, would make an 800 passenger plane when the market demanded one. It was technically possible now and would probably be in production by 1990, he said.

While a 747 has an operating life of 20 to 30 years, production of the plane was never expected to extend into the 1980s. But it did.

Air New Zealand's Boeing 747s reach assembly line stage

Four hundred and seventy



747SP... can land on short runways

one of the planes have been delivered to 64 customers in 44 countries since the plane went into production. During that time the price tag has gone from about \$20 million to \$60 million.

It usually takes about 16½ months from time of order to delivery. Plane production reached seven a month shortly after the first plane rolled off the assembly line, dipped to two per month in the early 70s, and is currently running at one plane every three days.

Inside work goes on at American assembly line pace. Bits and pieces from 15,000 secondary suppliers go to the 1500 prime suppliers for assembly and delivery to Everett, where the millions of com-

ponents are assembled into a machine that will fly.

Boeing's 747 plant at Everett is only one bit of the Boeing empire.

During the week that NBR visited the plant Boeing received an order from Nato for 18 E3A military planes worth \$1.47 billion.

New Zealand, while it lags behind Australia in the move to the big jumbos, played a significant role in Boeing's beginnings. Boeing's first airplane, the B & W; a twin float sport seaplane made of spruce and linen fabric in 1916, was first bought by the New Zealand Government for use in pilot training and airmail flights.

After that New Zealand came to the United States Army with an order for 50 of the planes.

Since then Boeing has gone on to become one of America's major producers of military aircraft and space programme machines.

With more than 80,000 employees, Boeing is Seattle's second largest employer after Government.

When Boeing sneezes, Seattle catches pneumonia. With military, space programme, and civil aviation reaching a low in the early 1970s Boeing laid off 60,000 staff and Seattle went into a major decline — dole queues were swelled with highly trained aero-space technocrats and housing prices fell as the big earners lost their jobs.

Confidence seems to have returned to Seattle. Housing prices are soaring.

Boeing is getting the military contracts.

The 747's next model, the stretched upper deck, already exists in the mock-up stage, the double-decker 800 passenger at least exists in Jim Austin's mind, and the big splurge accompanying the 500th 747 delivery is already being planned.

Boeing's next new plane the 767 is under way with a first delivery date of mid-1982. This plane is a twin-jet capable of taking up to 252 passengers. The first order of 30 planes goes to United Airlines.

Boeing's sales for the six months ending June 1980 were \$4558.8 million, up 23 per cent on the corresponding period last year. Net earnings for the six months ending June 1980 were \$295 million.

Boeing's board chairman, T A Wilson, noted that these profit and sales figures did not yet reflect the problems faced by the airline industry. Still projected sales for 1980 are \$9.5 billion.

This projection was made before Boeing got the big aircraft order from Nato.

Wellington airport to get first wide-bodied 747 SB service

WELLINGTON airport will get its first wide-bodied jumbo jet in February when Qantas starts its 747SP service across the Tasman. And Wellington won't have to lengthen the runway to accommodate the plane.

Qantas took delivery of its

21st 747 from Boeing's Everett factory in mid-October. The aircraft, christened "City of Shepparton", cost Qantas about \$60 million.

Qantas will take delivery of a 747 SP this February and another in August. The first SP will fly the Tasman to Wel-

lington from Sydney, Melbourne, and Brisbane and the Pacific from Townsville to the United States.

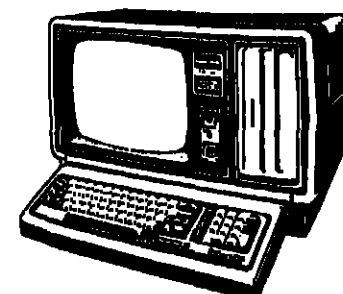
The SP, a chopped-down version of the 747 built for high performance, can land and take off on short runways that won't

accommodate the other jumbos.

With its SP, Qantas will steal a march on Air New Zealand offering a bigger faster higher flying smoother plane from the capital to Australia while the national carrier is still waiting for its Boeings.

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From New Zealand's* top-selling micro-computer family.



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- RAM-Based BASIC Interpreter & TRSDOS Included
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- 80 x 24 Screen

Model II is Radio Shack's top-of-the-line small-business computer. It's powerful, has enormous storage capacity, and operates at twice the speed of Model I. It's loaded with features, yet priced lower than many similar systems. Radio Shack offers inexpensive business-related software for accounting functions, plus SCRIPST Word Processing, that lets you put Model II to work immediately. For your in-house programming, Model II offers languages including ASSEMBLER, COBOL, FORTRAN, a BASIC interpreter and a BASIC compiler. **Priced from \$6995.***

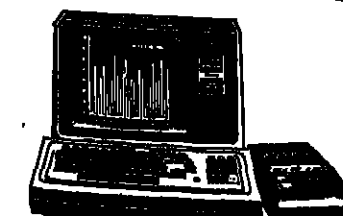


NEW!

Model III

- Level I or Model II BASIC in ROM
- Memory — 4 to 48K
- Cassette — 1500 and 500 Baud
- Parallel Printer Port
- Expansion — RS-232, up to 4 5 1/4" Disk Drives (175K each)
- Processor — Z80, 1.8 MHz
- 64 x 16 Screen

Model III is an exciting new personal and small business computer. It's completely self-contained in a desk-top unit. There's room inside for more memory, communications interface, and 2 double-density disk drives. And best of all, most Model I software will run on Model III, so there are already hundreds of applications you can put to use. Available with either Level I or powerful Model II BASIC. **Priced from \$2495.***



NEW!

Model I

- Level I or Level II BASIC in ROM
- Memory — 4 to 48K
- Cassette — 250 or 500 Baud
- Expansion — Expansion Interface, RS-232, Printer Port, up to 4 5 1/4" Drives (89K each)
- Processor — Z80, 1.78 MHz
- 64 x 16 Screen

Model I is the original TRS-80 and it's still going strong. One reason is its stunning range of applications! Radio Shack offers many different types of software packages, including Inventory Control, General Ledger and Accounts Payable. We have programmes for specialised industries as well, such as Real Estate. You can also choose from a number of personal programmes and games. We even offer Word Processing, with SCRIPST. And don't forget the Model I's tremendous expandability! It's one of Radio Shack's most economical computers yet it can grow with your needs. **Priced from \$1305.***



Pocket Computer

- BASIC Language in ROM
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- Storage — Cassette
- Expansion — Cassette Interface
- Processor — Two-Chip Set
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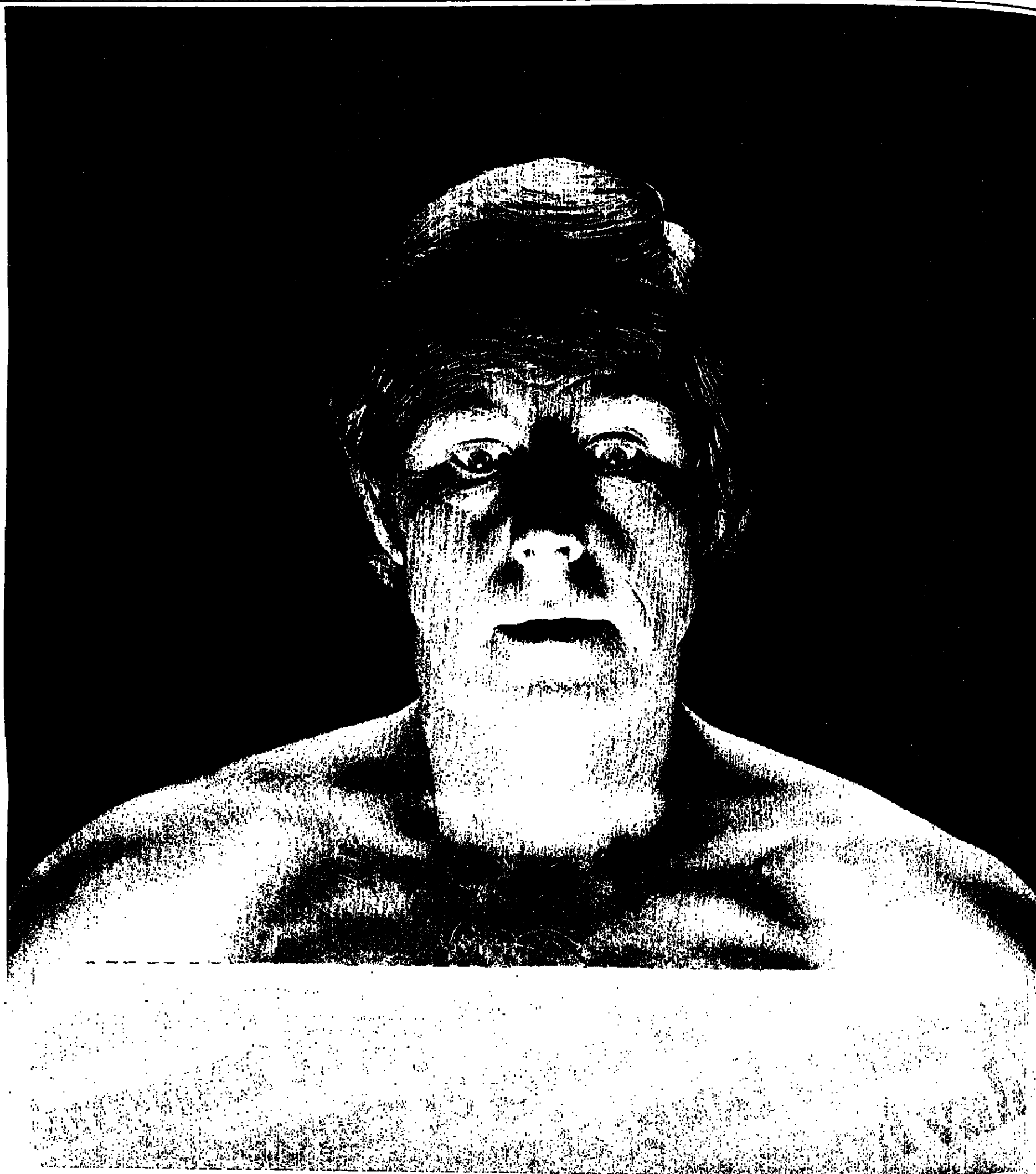
The little big breakthrough! Radio Shack announces a major advance in computer technology — a fully-programmable personal computer that fits in the palm of your hand! The Pocket Computer is battery-operated and goes anywhere in a coat pocket or briefcase. Load programmes from cassettes, or write your own, using a modified, feature-packed BASIC language more powerful than that of some desktop computers. Programmes and data remain in memory even with power "off". An invaluable tool for today's professional and businessman. **Price \$395.***

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*The World's Top Selling, Tool



What will informed advertisers be getting into this summer?

Collected Churchward

by Grev Wiggs

TO present a typographer with a new book of type faces is equivalent to inviting a wine-bibber to an unlimited wine-tasting.

The typographer will savour each example of type design, admire the purity of the classic faces, the robustness of a gutsy display font, the delicacy of a cursive, even the exotic character of some alphabets which stretch legibility to the limit.

For the typographer is mentally fitting each face into an imagined typographical circumstance. Each is a challenge, and there are few for which effective use cannot be found, given sufficient imagination and inventiveness.

So the CIT typebook is going to bring a great deal of pleasure and stimulus to all who enjoy the type design.

CIT stands for Churchward International Typefaces, a name which Joe Churchward has made familiar to users of type in this country and in the northern hemisphere.

Churchward is this country's type designer, creator of no fewer than 164 type faces. He has sold a number to eminent typefounders overseas.

CIT claims the largest range of typefaces held by any company in this country. They are all here in this catalogue, including Churchward's own.

The collection includes type for phototyping, used chiefly in headlines and displays, dia-type used for typesetting and reproduction and computaset used for text settings.

The phototyping section contains 143 specimen alphabets alone, and of course, the camera places virtually no restrictions on size applications.

Churchward's original designs are in the phototyping section and make an interesting study. He is at his best in the more formal sans serifs, I believe, although he can thunder impressively in extra bold. There must be a reason for some of the rococo shadow and inline alphabets he delights in but I confess that I can't find it.

This typebook is a must in any design department. It is available from Churchward International Typefaces, 15 Courtenay Place Wellington at \$8 a copy.

The direct mail mystery

READERS of NBR may well have been intrigued by the appearance in this paper of a full-page advertisement headed "What Ogilvy & Mather told us about Direct Mail Advertising".

It was obviously an agency advertisement. But what agency is going to give a rival both headline status and virtual endorsement?

KBR: MacKender, that's what. It's all in the line of business... Post Office business.

It so happens that both O & M and KBR handle portions of the Post Office advertising account.

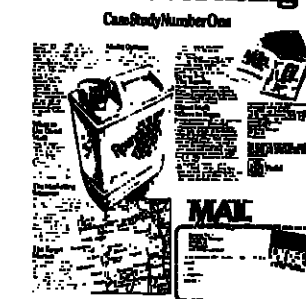
KBR was entrusted with the job of stimulating interest in direct mail as an advertising medium. So, the agency produced for its clients a booklet with the cover title of *A user's*

guide to advertising you can measure... Direct Mail. Mailings of the booklet were made to all ad agencies as representing the greatest potential users of the medium.

Although the client wanted to use direct mail solely to promote the direct mail medium, the agency established a case for print advertising.

Consequently, it developed a print campaign to promote inquiries for the booklet, centred around case studies.

What Ogilvy & Mather told us about direct mail advertising



O & M had extensive experience in direct mail internationally, had conducted a successful and quotable campaign locally, were well known to the business community and provided a headline name which would act as a magnet in attracting the attention of other agencies.

Inquirers were asked to send coupons to "Freepost No 1, Marketing Manager" at a box number and told no stamp was required. (The booklet will remind you that "Freepost" is a stamp-free encouragement to costless replies.)

Replies are coming in at a most satisfactory rate and those receiving the booklet will have a compact resume of direct mail and its functions.

Some statements in it may verge on the over-enthusiastic. "Where other media are limited to promoting sales, Direct Mail can actually sell the product", for instance.

However, in this more market economy, everyone agrees that competition is a Good Thing, except the *New Zealand Herald* which refused to accept advertising promoting a competing medium.

Wine ads too restricted

AUCKLAND agency chief Bob Harvey angrily sounds off about restrictions on wine advertising imposed by electronic media in the latest issue of *The Te Kawahata Winery News*. This is the house magazine

of Cooks New Zealand Co, an account which his agency, McFarman ABH International has handled since 1972.

Harvey accuses radio and broadcasting organisations of being "unsure of their stance". "In the last few years," he states, "there have been several television commercials which were completely within the letter and spirit of the regulations — but which have been fiercely criticised by the 'anti-liquor' lobby."

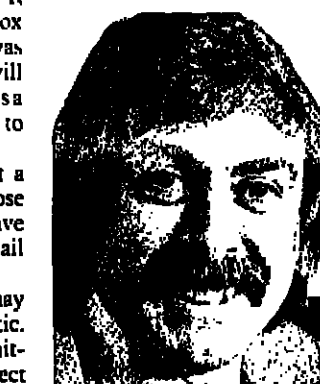
Harvey believes that this country is unfortunately ultra-sensitive about anything which can be described as liquor advertising.

"A commercial can be driven from radio or television overnight by a surge of angry letters. The risks are also high — particularly for television: production cost for a 30-second television commercial can be over \$20,000.

"Just recently restaurant advertising was removed from our screens — another example of hounding and over-reaction by a faceless pressure group."

Harvey suggests that the general view of agencies here would be that if it's legal to sell it, then it should be legal to advertise it — in all media.

"What advertisers — and the public — are surely looking for is a reasonable and realistic approach. We are adult enough and agencies are professional enough, to promote the product with sense and dignity, without resort to devious tactics. Agencies are more than



Bob Harvey... over-reaction

happy to discuss (with broadcasting authorities and liquor watchdogs), after 8.30pm timing of television spots, to avoid any suggestion that a product is positioned to appeal to the younger market.

Admark asked Bob Harvey if he saw a need for distinguishing between broadcast advertising of wine and other alcoholic drinks.

"Wine is a product that is as old as civilisation itself. It goes with graceful living," said Harvey. "My personal belief is that wine is one of the beverages that should be treated in a civilized way and its promotion should not be hounded by outdated regulations."

Certainly print advertising for our wineries backs Harvey's contention that agencies apply sense and dignity to wine advertising.

But the silent voice behind the drafting of regulations on this subject has always been Mother Grundy's. Remember the ludicrous situation that faced the first licensed restaurant which were allowed to sell table wines but not sherry?

Vintage year for awards

IN the field of international advertising awards, 1980 is becoming a vintage year for New Zealand advertising agencies. WHT Advertising & Marketing Auckland, is the latest Kiwi agency to claim an international trophy.



WHT's Noel Rugg... receives Max Lewis trophy.

At the twelfth Asian Advertising Congress just concluded in Singapore, WHT was awarded the 1980 Max Lewis Memorial Trophy. This is contested bi-annually, the subject being a project of public

service interest. The successful entry was the campaign for the 1980 IHC Appeal of the Society for the Intellectually Handicapped which raised \$900,000 in a single day.

MEET THE NATION

Blitz on

New Zealand's Authoritative Weekly Newspaper

The Nation is on sale every Thursday at your newsagent or dairy. Make sure you get your copy. The Nation answers two key questions for its readers: "What's going on in New Zealand and the World?" and "Why is it happening?"

The Nation gives you up-to-the-minute news, comment and opinion from New Zealand's top journalists, columnists and cartoonists plus major international stories from the best writers of the New York Times, Christian Science Monitor, Asian Wall Street Journal and Britain's Financial Weekly. Isn't that what you're looking for in a newspaper?

An exciting new consumer profile for advertisers

A major Haylen study of The Nation's target market — the top 25% of New Zealand households revealed a clear profile of prospects for The Nation: Target Household Income: \$15,000+ Potential: 46% "likely" to buy The Nation Average Prospect Income: \$21,337 Spending Patterns: High levels of discretionary spending. Prospects are low listeners to radio and low viewers of TV. The Nation is good news for advertisers. It presents an opportunity to reach a quality market group with high discretionary income.

Low attention levels to electronic media have made this group hard to reach with cost effectiveness. The Nation will meet this need.

Want to know more? Ask Pat Pat Brockie, Advertising Manager. The Nation has the answers on the Haylen profile. The Nation offers spot and process colour for quality advertising to reach a quality market. Telephone Pat Brockie, Wellington 721-114, after hours 736-426.



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Government administration

Watchdog slates 'woefully inadequate' accounting

by Allan Parker

FINANCIAL management in two Government departments has been slated by Parliament's departmental watchdog — the Public Expenditure Committee.

The committee, under the chairmanship of Marilyn Waring, describes some of the accounting procedures in the Forest Service and education system as "generally unsatisfactory", "woefully inadequate", or in need of "immediate remedial action".

The committee recommends sweeping changes to improve the management of funds in both departments. And a majority of the committee calls for a fundamental overhaul of the Forest Service's structure to improve its commercial flexibility. They argue that a limited liability company structure would allow the department to market more aggressively and to trade more efficiently.

Reviews of the systems were prompted by Audit Office concern about aspects of accountability within the departments expressed in its 1978 report to Parliament.

Comments on the Forest Service came in part from the Office's normal audit and partly from a special review of financial management in administrative Government departments.

The education problems were highlighted by a review of accounting systems in secondary schools undertaken on behalf of the Audit Office by Waikato University students completing theses. The data collected by the students pinpointed problem areas already under scrutiny by Audit Office officials.

The 1978 annual report said: "The lack of financial accountability and the low standard of financial management and reporting in many areas of the education system are mat-

ters of extreme concern to the Audit Office."

The report cited Wanganui Boys College as one example of a school which — if it were a private company — might then have been in receivership, if not liquidation.

The Public Expenditure Committee found the accounting systems used by the Forest Service "generally unsatisfactory".

"They were often duplicated and of limited use to management. Except for the Commercial Division (which operates the sawmills), accounts produced from these systems were inadequate for management purposes and sometimes meaningless," says the report.

The committee was critical of the Government's cash accounting system, SIGMA, for failing to provide profit or loss figures and income and expenditure records.

And "commercial" ac-

counts produced for all Forest Service divisions except the Commercial Division were "totally inadequate".

"These accounts include both trading and non-trading operations, and the merging of the two does not enable an appraisal to be made of commercial profitability and the social costs of State forests," the report says.

The committee reports: "The treatment of capital in the exotic production forest is woefully inadequate as far as the valuation of the forest resource is concerned. The method by which the exotic forests have been valued is to take net expenditure on tree crop at historical values up to December 31 1974, plus net costs of developing exotic forests since January 1975.

"This has resulted in exotic forests being substantially undervalued in the balance sheet. Management and account users are therefore unable to

appraise the return on total funds employed and management's ability to ascertain true costs is seriously affected."

Government-imposed financial and administrative constraints in the exotic production forest operations were also attacked.

These include:

- The inflexibility of Vote allocation procedures;
- Access to other short-term funds;
- Pressure not to over or underspend allocations;
- Administrative procedures such as SIGMA coding, staffing, stores purchases;
- Vote approval not given until three months after beginning of financial year.

The committee says: "Because the Forest Service will play an ever-increasing role both in the domestic economy of New Zealand and as an export earner, the committee is of the opinion that if the service is to make the most efficient use of the country's forest resource the department's large and growing commercial operations will need to be free of these rigid administrative constraints.

"These constraints result in inflexibility and an inability to meet the requirements of aggressive and changing markets, and restrict the operating independence that is needed for efficient trading operations."

A majority of the committee believes the best way this can be achieved is to set up a limited liability company structure — one of the key recommendations for Government action.

"A company structure would enable management to operate with increased flexibility outside of the rigid administrative and financial constraints presently imposed," the report says.

"Capital funding (apart from equity and internally-generated funds) could be obtained from the open market and thereby reduce annual Government expenditure."

Other recommendations revolve largely around upgrading the accountability systems employed by the service and a revaluation of forest assets for the exotic production operations.

The examination of the education system's financial management operations centred on the handling of funds within schools and the financial training — or lack of it — for school staff.

The committee "feel compelled to agree with the comments (in the 1978 annual report) of the Controller and Auditor-General, but has some sympathy for those who, in the absence of training and support, are expected to account financially."

Of particular concern is the increasing trend for teachers, principals, school committees or governing bodies to undertake a greater administrative workload, often with little or no training.

In its examination of primary schools, the committee exposed the problems that can arise when elected school committee members may not have the expertise to assist a principal, often newly appointed, who finds difficulty in keeping accounts in a semblance of order.

"Criticism was directed at the (Education) department

for its apparent failure to devote more time to aspects of financial management with the courses it runs for newly appointed principals."

Similarly, the committee said that training for administrative and accounting duties in secondary schools "falls well below the standard which might reasonably be expected."

The situation in, and control of, teachers colleges were strong comment from the committee, which noted that "although invited to appear, witnesses from a teachers college made submissions to the committee."

But Audit Office evidence said that financial management and the standard of accountability in teachers colleges were inadequate, with little or no attention given to the rudiments of handling school finances.

"It is imperative that teachers be provided with opportunity to acquire more than a nodding acquaintance with a school's administrative structure."

"The committee also expects to find within the next months a marked improvement in the standards of accountability observed by teachers colleges and will ask Audit Office to keep it informed."

The Education Department's role is seen "crucial", but the committee found that "regrettably, a number of inspecting accountants in the department are well short of that required to enable the department to carry out its function effectively."

"Because of the shortage of qualified accountants in the public service generally, the committee does not see the present situation improving in the short-term."

But the committee reports that the department could do more in the way of training teachers in methods of financial management and recommends the design of a standard form for the presentation of school accounts.

Other recommendations include a general improvement in financial management training, increased emphasis on control and accountability of finances and an increase in suitably qualified clerical assistants in schools.

The committee concludes: "Perhaps the most significant factor arising from the committee's inquiry was the predominance of amateur accountants of the persons expected to account for the use of public money within each institution. If, as seems likely, this state of affairs is to continue, it behoves the department and the education boards, the boards of governors and the boards of college councils to ensure that such persons are not left to their own devices without appropriate training and benefit of any training."

Consistent failure to maintain proper standards of accountability should result in removal from an institution the right to manage its own affairs.

"Public money is a precious commodity for the committee to adopt a complacent attitude towards any person or body unable or unwilling to keep a proper record of the expenditure of such money."

Primary industry

Customs claim dues from three-wheeling farmers

by Rae Mazengarb

CUSTOMS Department officials are attempting to retrieve money from farmers which they believe should have been paid in sales tax on three-wheeled "all terrain cycles".

The energy-saving bikes are replacing conventional farm bikes and small tractors as work-horses on increasing numbers of farms.

The hard-line Customs attitude has incensed some farmers. They say that in terms of the amount of money involved and the "potential political repercussions", the departmental stand is "ludicrous".

They accuse the department of "aberrations in the application of policy".

"It could blow up into a major issue," said one farming source.

Federated Farmers representatives have approached the department and Customs Minister Hugh Templeton over the issue, but without success.

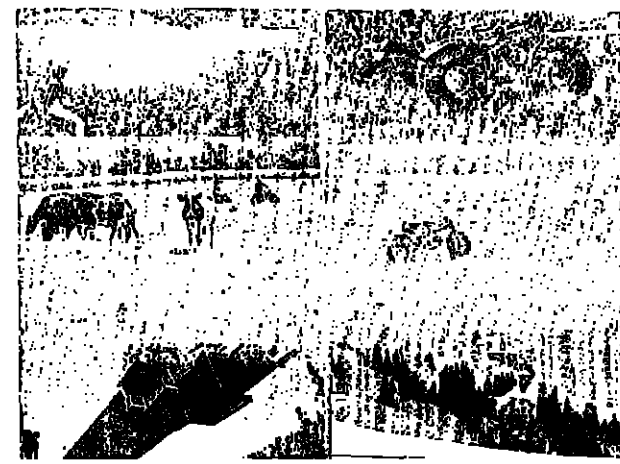
The department reported to Templeton around September but he referred that report back to officials for further details, according to a letter written by the Minister to the federation at the time. He has not contacted the federation since on the subject.

A federation spokesman said: "We are waiting for the Minister to reply formally to us on our repeated questions."

In terms of the broad existing policy on sales tax, he failed to see how a three-wheeled motor bike would not qualify for the exemption when it was more preferable to the alternative vehicles, he said.

The three-wheeled bikes have become increasingly popular for general farm use and for use in vineyards and orchards.

Farmers say they are more functional and safer than two-wheeled bikes, and cheaper —



Three-wheelers... don't qualify for exemption

both to the country and the farmer — in terms of capital and running costs than other farm vehicles.

But the Customs Department does not regard them as farm motor bikes when determining refunds of sales tax — simply because the Sales Tax Act is spelled out only in terms of the two-wheeled variety.

But refunds of the sales tax are allowed on the three-wheelers for people with permanent disabilities — such as back problems — which prevent them from riding conventional farm bikes.

It appears that the Customs Department discovered that the tax had been refunded in situations other than specially exempted cases.

Officials are now trying to claim the money back.

They are unwilling to comment or even say how many farmers are involved because the matter is "still under investigation". But it is understood Federated Farmers is concerned about the conflict engendering "negative attitudes" in the wider farming community.

Customs might argue that they have merely foregone something they were entitled to and that farmers are lucky they are not being charged interest on the money owed.

On the other hand, farmers consider that if the two-wheelers are exempt, the three-wheelers — with their wider application to farming — should also be exempt on similar policy grounds.

One farmer underlined the point: In the six months since he had an ATC, he has not had to use his Land-rover for tasks such as feeding out hay.

Using his ATC, with a specially-made trailer hitched up behind, he has performed his daily farm chores with less damage to pasture and saved himself — and the country — hundreds of dollars in fuel.

Farmers generally argue that if the Government is going to ask people to save fuel, officials should encourage people to seek alternative transport modes, and not penalise them when they do.

Some are more cynical about the department's reluctance to give concessions. "It's part of their nature to collect revenue, not to dispense with it," said one.

One Customs official was reported as saying he had never really looked into what the bikes were used for. Another remarked that "the bikes were being purchased by wealthy cockies as fun bikes for kids".

At a cost of \$1400 - \$2000, they are expensive "toys".

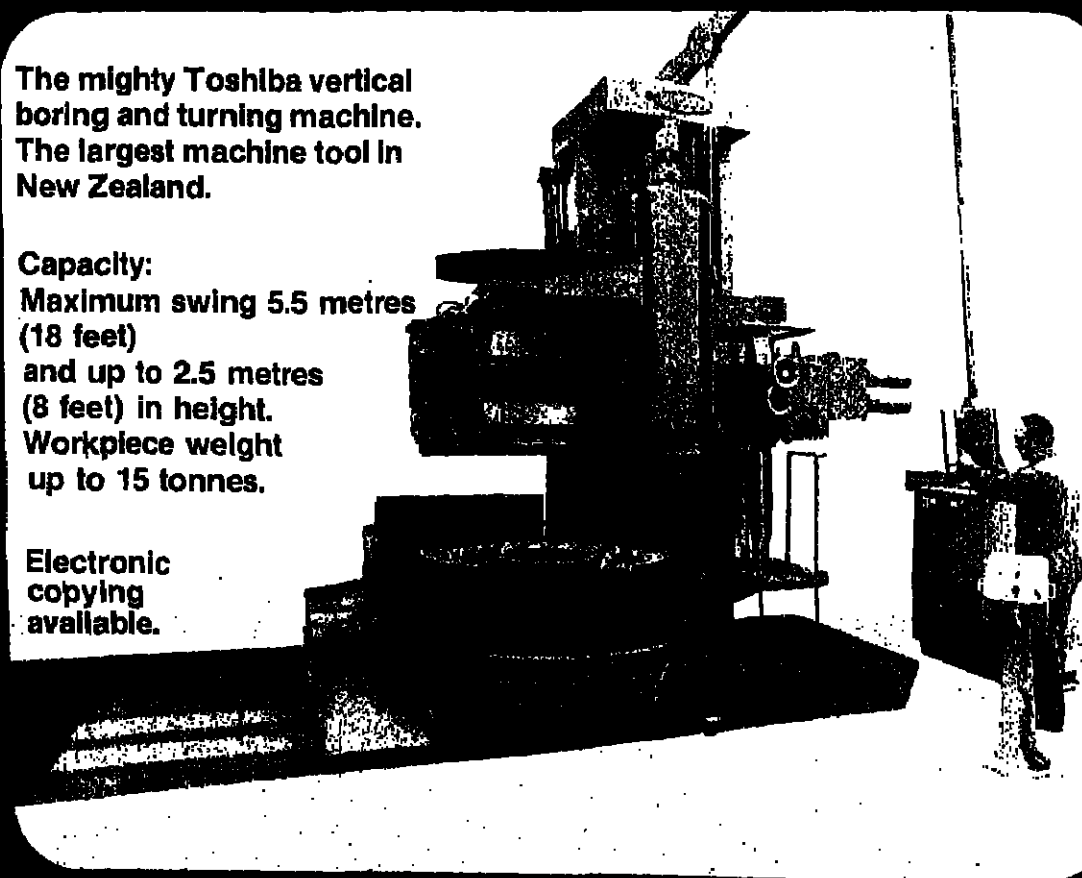
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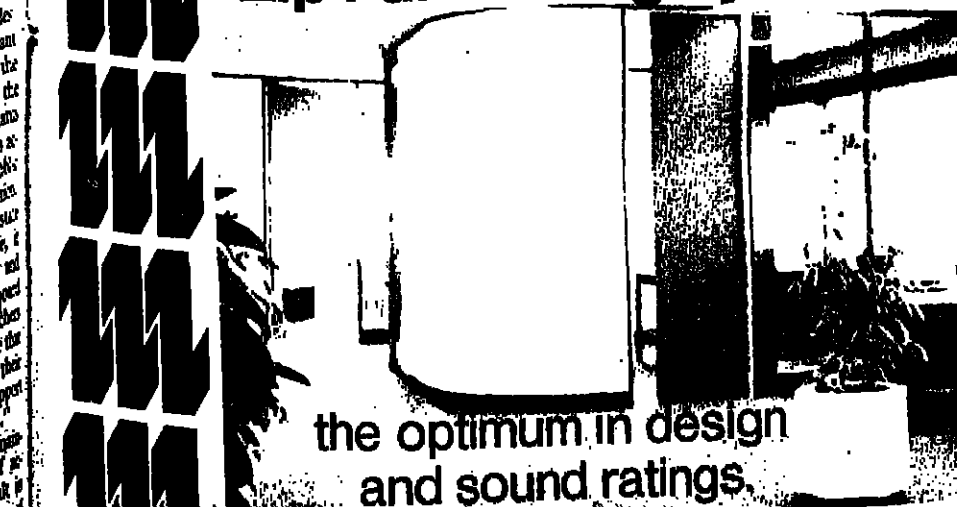
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Books

Dissenter offers revolutionaries a scheme which

by Colin James

DROP all income tax is Labour dissenter Roger Douglas's latest idea. He wants a payroll tax instead.

The new idea is promoted in his book, *There's got to be a better way*, due to be released by Fourth Estate Books on Thursday.

Douglas has already in his "alternative budget" in June proposed wiping company income tax and replacing it with a capital and assets tax — and he repeats this proposal in the book.

But he goes on further. For "revolutionaries", he has a more daring scheme.

Douglas' idea is to cut salaries and wages to the present after-tax level, measured at the single taxpayer rate.

For those with dependent wives, husbands, children and other relatives the employers would

add on enough to match the current value of the tax rebate and claim that amount back from the state.

That would put wage and salary earners on the same take-home income as now, Douglas says.

Instead of income tax, Douglas would have employers pay a flat-rate payroll tax on all wages and salaries. He reckons that to achieve the same

tax take as now, the rate would be between 15 and 18 cents in the dollar, provided other reforms suggested in the book were also implemented.

He contrasts that with his estimate of an average tax take on all income of 25 cents in the dollar, or 33 per cent of net pay.

Douglas says: "A payroll tax would be simple to operate. It would get rid of one and a-half million tax returns a year and a fair number of bureaucrats who spend tax money processing them."

"It would be seen for what it is — a tax on employment."

"So is income tax; it just doesn't seem so because the wage and salary earners are supposedly paying it."

"But if it is really the employer who is paying it, because he is paying higher wages and salaries than he needs to reward his employees."

Douglas says under payroll tax employers would wake up to the effect on their own trade-off between labour and machinery and see more clearly when it was worth replacing labour with machinery because of tax.

"If the unions run true to form," says Douglas, who is elsewhere in the book critical of union conservatism, "you can expect them to say 'no' to this idea right off."

"But if they stop and think, they will realise that this is exactly what the present tax system does, by

pushing up gross wages to compensate for high tax."

It would also be easier to see the trade-off between employment tax and capital tax, Douglas says.

Cutting payroll tax and shifting it to capital would encourage employment.

It could be used to encourage the development of medium labour-intensive industries, a Labour aim, Douglas says.

And it would reward "individual effort, enterprise and hard work" by leaving all extra money in the worker's hands.

"Instead of being discouraged from work, and producing more the wage and salary are would be encouraged to do that bit more."

The first of a two-part series of extracts from the book appears below.

The Government another \$200 million that wage and salary earners have to pay.

Export incentives have brought minimal benefit to the country. Sometimes they have actually cost New Zealand foreign exchange.

They have led to distortion in the economy, and higher internal prices than necessary. Companies able to sell their products overseas now increase their internal prices by the value of any export incentives available to them.

Export incentives are unfair. Some large companies can make millions of dollars profit, but pay no tax, leaving individual carrying the can. Fletcher's, for example, made more than \$4 million last year and paid no tax. Their wage earners, on the other hand, invariably paid a marginal tax rate of 48 cents or 55 cents in the dollar.

Where's the equity in that?

EXPORTS

New Zealand has a built-in balance of payments problem. If we are doing what we are now doing, it will only get worse. So far we have been able to borrow to disguise it. But we can't, forever, go borrowing to pay for our imports. Sooner or later the Gnomes of Zurich will call in the overdraft.

We can help the immediate problem by devaluing our currency, and then allowing our currency to decline if costs get out of line with our trading partners. But devaluation is merely a short-term palliative and requires a positive export policy. Devaluation enables us to continue to pay our way. But each time we devalue, we fall a bit more behind the countries we trade with.

That's what we have been doing for 30 years. Once we were the third richest country in the world. Now we are approximately thirty-third, and still falling — soon we will be behind countries such as Taiwan and Malaysia.

The balance of payments problem is very deep. It is built into the structure of our economy. Only by changing that structure can we solve the problem, and begin to restore our relative position in the world.

We can't rely any more on booms in agriculture prices to bail us out. Nor can we go the head-in-the-sand route and try to replace imports with locally made products. They are usually dearer and

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Books

drops income tax

in any case, already 85 per cent of our imports are raw materials or imported machinery needed for our industries and, consequently, jobs.

We can cut back on oil imports by using our own gas. This will help our balance of payments considerably. But it will not solve the underlying problem; it will just mask it for a while.

The way out is to export more. Trade — or die! More what?

One: Double agricultural production. Land-based products still equal 85 per cent of our exports. If they don't expand, neither does the economy.

Two: Diversify our exports and process agricultural products further. Find out what the world wants, where we can fit in. Supply it!

That is where the Government comes in. It should create the economic climate that channels resources into the areas where they will do most good for the country as a whole. That is what real planning is all about.

It entails:

- choosing the fields in which we are, or can become, leaders — usually those based on our national resources.

(Obvious fields are horticulture, forestry, fishing, carpets, furniture, tourism, etc. We should encourage the geologists, scientists, human geographers, inventors and entrepreneurs out looking for more.)

- picking those fields which will yield products we will be able to sell overseas. With market researchers and marketing experts, both private and Government, doing the picking. Constantly re-assessing the market and being prepared to change the list quickly when the opportunities arise.

- channelling investment and labour resources into those fields, and ensuring our own development harmonises with that of other countries. (See Priority Industries.)

- allocating where necessary, import licences on the basis of potential export earnings.

In brief, our policy must be to find out what products the world wants that we can manufacture efficiently (as Japan has been doing for years). We should manufacture these products and then control their selling, so that the people of this country benefit.

Facts:

1960: N.Z. share world exports .66 of 1 per cent

1980: N.Z. share world exports .29 of 1 per cent

Result:

Lost exports 1980 — \$6500 million

SICK INDUSTRIES

Sick people should be cured. Sick industries should cure themselves, or be left to die.

They are a burden on the community and a barrier to economic growth. They reduce the standard of living. Instead of creating, or even keeping jobs, sick industries cost jobs in the end, and often export-oriented ones at that. The plastics extrusion industry has cost New Zealand many opportunities for exporting (finished products packed in plastic because the cost of local plastic materials is too high).

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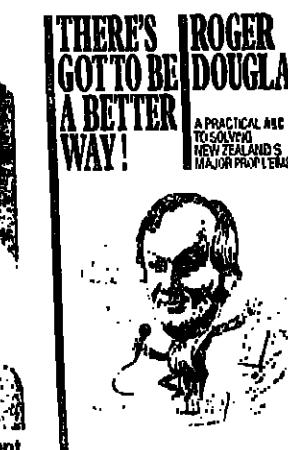
The results of the two most recent surveys are contained in the just-published report (The business press in New Zealand).

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Roger Douglas... unrepentant



over 5-10 years. We don't want to kill off the people as well. Introduce a reasonable tariff which will enable an efficient industry to survive.

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PRIORITY INDUSTRIES

No successful business does everything. It chooses priorities. So should a nation.

We should pinpoint industries that are vital to the country's interests. Then help them.

Give them priority access to finance. Do that by directing all capital controlled by the Savings Corporation into priority industries. Lower their tax rates. Make income received from priority industries tax free for three years. And, make it harder for speculators to get their hands on capital. That way there should be more available for high priority industries.

Who should choose which are the priority industries? The Government. But only after world-wide consultation and research.

How should they be chosen? By determining to what extent:

- they can contribute to exports
- they are based on New Zealand resources and not imported resources. (That includes labour. Capital intensive industries are fine, but not if all they are doing is paying the dole.)
- they can increase overall productivity within New Zealand.

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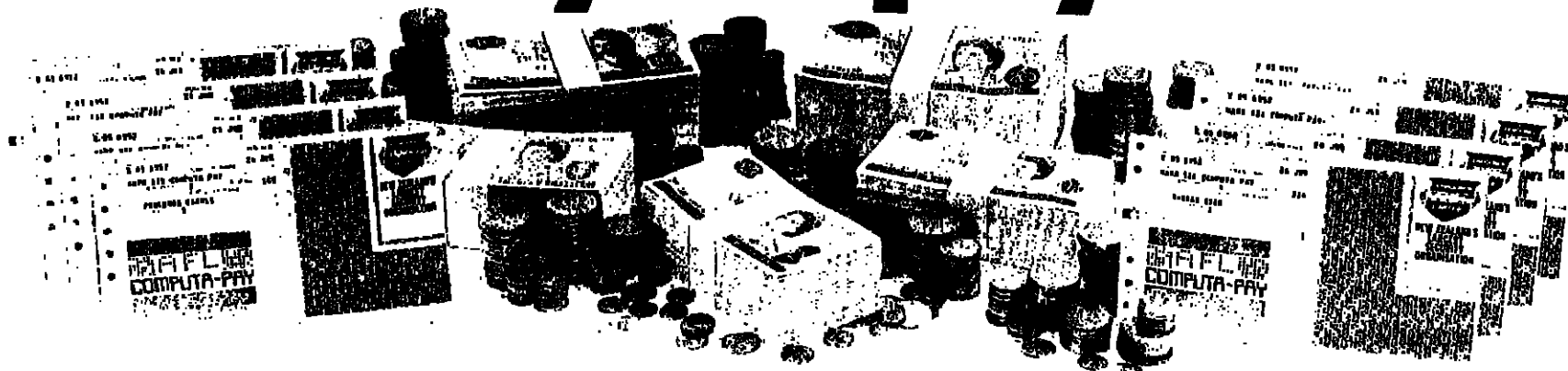


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Mining and minerals

Bridgevale brings a whiff of Texas oil to market

Christchurch Correspondent

IT looks like being a summer for oil and gas speculation, with ample action planned next year by explorers around New Zealand, and the debut of Bridgevale Mining in what could be the most popular float of its kind in a decade.

While New Zealand Petroleum awaits details of rig agreements for its promising search for petroleum off the West Coast of the South Island, and Shell-BP-Todd prepare for the highly intriguing drilling of "Structure S" offshore Kahia, Bridgevale will bring a whiff of Texas oil to the New Zealand mining board.

It is a most eventful flotation not only for those who will be lured by the promise of good gold yields at Bridgevale Mining's Kalgoolie leases in West Australia, chromite at neighbouring Mount Magnet, and oil in Coleman County, Texas, but for the long-established Buller group - Bridgevale Consolidated.

Existing shareholders of Bridgevale Consolidated will take part directly in the new mining float at a conversion of three current Bridgevale Consol shares for every one new mining share at par of 50c. With the price of Bridgevale Consolidated shares spiralling recently to round \$1.70 per 50c ordinary, it was apparent that directors of the new company saw a two-for-one or a one-for-one as rather too generous. That in turn could indicate that they expect the new flotation to be very popular anyway without any underpinning of opening market price which a straight one-for-one conversion would have given. While shareholders in Bridgevale Consolidated - including those who pushed the price higher on hopes of something pleasant arising from the earlier "don't sell" warning - might be disappointed at the ratio they should nevertheless do very nicely out of a float which promises to be interesting.

There has been speculation that the authorised capital of \$4 million points to an issue of about \$2.5 million to \$3 million in capital of which the announced participation by existing Bridgevale Consol shareholders will form part. There will also be a staff allocation and further participation by overseas interests who are, of course, the key to the new mining float.

The entire float idea arose out of discussions held between an Australian businessman, Chris Reindler, Auckland sharebrokers Leuschke White men and Christchurch accountant Jim Wakefield.

The Australian interests were already active in West Australia and Texas and became interested in broadening their activities to New Zealand. Bridgevale Consolidated, of which Wakefield is a long-standing director, had been conducting some useful exploration of new coal deposits both adjacent to the group's Charming Creek coal mine at Seddonville, Buller, and elsewhere in the district.

A dip near Charming Creek has been explored with 200,000 tonnes of additional coal reserves outlined and with further drilling to be completed there are hopes that 325,000 tonnes will eventually be defined. The Charming Creek coal has a satisfactory BTU

level but to date it has had problems in developing any sizeable metropolitan market because of the high sulphur content.

But on an export basis it should find suitable markets and further mining applications are believed to have been filed by the company in the Buller district.

The existing coal mine will form part of Bridgevale Mining but NBR understands that other Bridgevale Consolidated operations have been placed on the market. The group has been for many years a leading transport operator in the region.

The structure of the company has been that the 57 per cent owned Parker Lamb Timber Co has control of the Bridgevale Consolidated company and its subsidiaries Gibbs Transport, Perkins Bros Ltd, Charming Creek Coal Co Ltd, and Parker Lamb Housing Ltd. There are separate companies for Betts Properties Ltd, Buller Bridge Motels Ltd and Ngakawau Investments Ltd.

Perkins Bros Ltd, an old-time transport firm, ceased trading last year when it lost the BP fuel agency and there was an adverse flow-on effect on Gibbs Transport.

Parker Lamb itself has been incurring losses due to holding costs on Onelunga land with only one lot of three sites yet sold. There has also been sober progress at a Little Wanganui sub-division north of Westport where the property slump and travel curbs reduced sales to Canterbury and Nelson holiday site buyers. Yet in the first two stages of the development 80 sections have been sold, 40 are unsold, and stages three and four are yet to come.

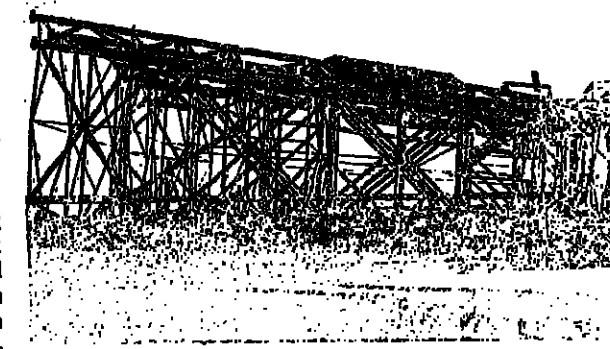
The motel company is well sited and does modestly well but one group activity which has flourished is unlisted Midwest Finance Holdings Ltd (49 per cent owned) which recently acquired Christchurch-based Mercantile Finance Ltd, a financier with \$500,000 plus in outstandings.

Shedding these activities will enable the directors to concentrate on upgrading mining which could lead to re-equipping underground, giving Bridgevale Mining a chance to lift its extraction rate to foreign standards. New Zealand underground mines have a low 37 per cent extraction rate compared with the 70 per cent extraction rate in European mines and if the latter performance could be achieved it would effectively double estimated recoverable reserves.

With Reindler coming in as one director, Australian interests will also be represented by Perth businessman Ian Burton, a director of Epoch Minerals Exploration NL.

It linked a few months ago with a small Perth building company called Belcrest Corporation Ltd in forming a joint-venture company known as Pat Maree Development Australia Ltd. Epoch has 51 per cent of the Pat Maree company and Belcrest 49 per cent.

Pat Maree then bought a 42.38 per cent stake in six oil and gas leases in the Texas counties of Coleman and Runnels from Messrs W Boldt and A Tillman of Texas, and has since financed two exploration holes on the leases. They have put two wells down within 2



Rigs... going up all over

kilometres of an existing oil pipeline and productive land nearby has confirmed the existence of three pay zones known as the Palo-Pin to, Jennings and Gardiner. To the south, neighbours of Pat Maree have producing wells with capacity of 70 barrels a day. That sounds small when one notes McKee No 1's prospective 1000 barrels a day but in

Texas economics these \$100,000 wells are considered quite successful.

Indeed, the wells have been producing since 1950 and the Texas Railroad Commission which controls the oil production rates in the state has restricted nearby owners to producing only 44 barrels a day without upserting the economics of wells. The Pat Maree wells must also be viewed as nascent efforts. They entitle the Australian company to 90 per cent of its income until all costs are recovered and since they are exploring new zones the commission is expected to permit production at 80 per cent of well capacity.

Well capacity could thus hopefully be in the same level as three 70b/d wells on a next-door lease. At 80 b/d Pat Maree could produce at 64 b/d for a revenue of US\$30 a barrel.

The good news for Bridgevale's future shareholders is that the new Christchurch-based company was negotiating this month with Boldt and Tillman for participation in these six leases.

Good news because Australian reports are that Pat Maree hit oil and gas in both wells this month and now plans wells at the rate of one a month for the next year. The first flow was from the 924 metre deep Gardiner pay zone.

Epoch Minerals which was selling in Perth at 33c a share in July last week, was selling at 60c. Epoch has on issue 6.3 million shares and 2.45 million options.

Its first Texas well went down only on August 20... so Bridgevale Mining will presumably be in on the hydrocarbon hunt almost from the outset.

"One quality...
the very
finest"

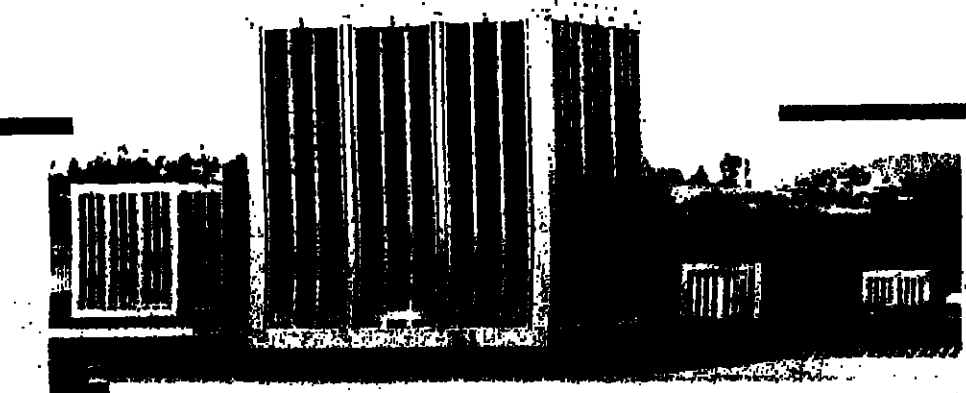
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Business management game

Teams endeavouring to cope with interference

THE 20 teams surviving from the original 285 who started off in April are now having to contend with conditions of high inflation and record interest rates.

To add to their problems the ICL administrator, Jane Thomas, has, as from period four of the six decisions in the round, imposed strict price control. Owing to the "lack of competition and excessive profits being made in the industry" the "government" has been forced to act.

Some teams have been forced to cut prices to the new permissible maximum while others have had their proposed price increases limited to a maximum of \$2 a unit.

Jane Thomas reports that there have been some dramatic changes in fortune as teams endeavour to cope with this "interference" in the marketplace. She says that while most teams were over-marketing in the early stages of the round, they are now having to work harder for their profits and may face problems as their final tax payment falls due.

Best performance to date has come from Peter Martin's team in the Dunedin offices of a well known firm of chartered accountants with a profit of \$10.8 million with the Canterbury

Game TA (Auckland Area)	Profit \$000's	Round three halfway results	Profit \$000's
1 Rangipo Syndicate, Turangi	9644	2 Ministry of Works, Napier/Turangi team	8924
2 Weatherburn Syndicate, Auckland	8877	3 Freightways Data Centre, Auckland	7699
3 Winstone Wallboards, Auckland	8448	4 National Chartered Accountant firm, Auckland team	7483
4 3M New Zealand Limited, Takapuna	8098	5 Forestry Dept, Tasman Pulp & Paper, Kawerau	6264
5 NZ Fibre Glass Limited, Auckland	8303		
Game TB (Central North Island Area)	Profit \$000's	Game TC (Wellington Area)	Profit \$000's
1 Central North Island Timber Co	9499	1 JYM Team, Wellington	8983
		2 AMP Acceptances (NZ) Limited, Wellington	8175
		3 Todd Motors Limited, Porirua	8704
		4 Ministry of Transport, Head Office	

Savings Bank team not far behind at \$9.97 million. In the Wellington area game the JYM team lead by Danny

Phillips was in the lead ahead of the money managers at AMP Acceptances led by J Hutchens. The other three teams

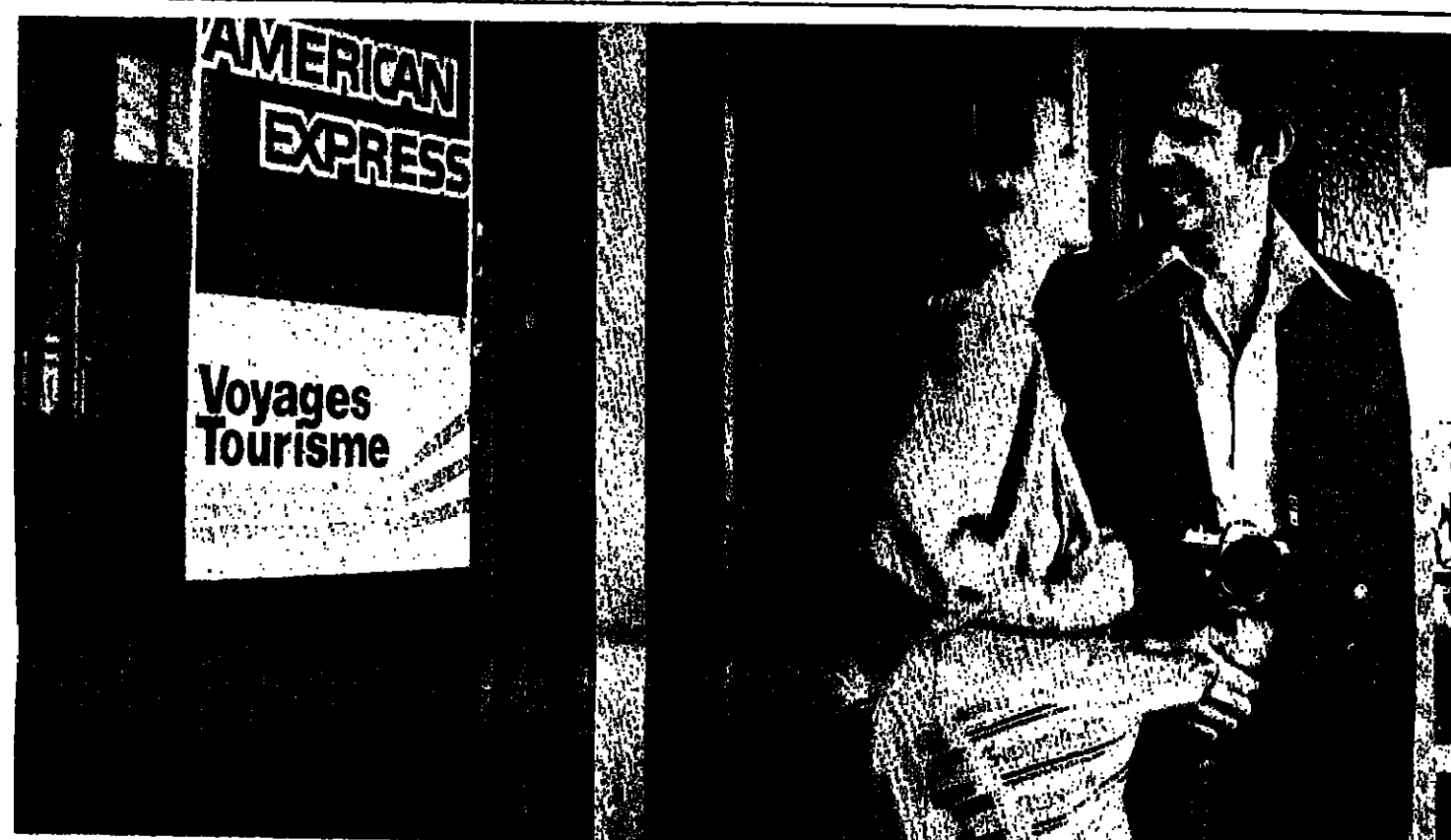
are all not far away. In Game TB, including mainly central North Island teams, Avis' team from one of

the Waikato area timber companies has built up a small lead of \$570,000 over an experienced team from the Ministry

of Works in Turangi and Napier. Again, competition is pretty fierce and upsets are still possible.

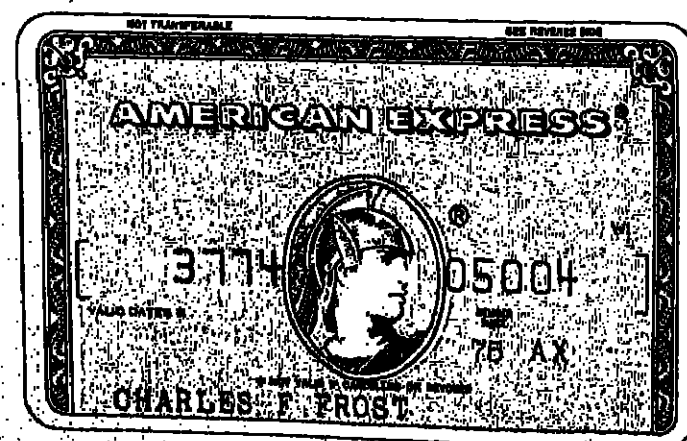
Another close contest, where the lead has already changed quite dramatically, is in the Auckland game. At the halfway point the lead was held by Slack's Rangipo Syndicate with a profit to date of \$9.6 million but Paul Weatherburn's Auckland syndicate along with the Winstone Wallboards team and the 3M New Zealand team are all performing strongly and may yet win through to the final.

Round 3 concludes on November 14 and the 1980 BMG final will be held in early December.



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The Pacific

Cooks seek alternative fund source to aid handouts

by Sue Green

THE Cook Islands could begin processing more local materials if its development bank succeeds in a \$1 million loan application to the Asian Development Bank.

Management of the Cooks' bank has just been taken over by a New Zealander seconded from the Development Finance Corporation for two years under the bilateral aid programme.

The new manager, John Rowley, formerly DFC's project manager, said his first task with the Cook Islands Development Bank when he took up his post in February was bringing the bank's procedures, policy and struc-

ture in line with requirements for borrowers from the ADB.

Officials of the ADB had visited the Cooks in mid-1979 and provided a list of areas needing work. It began immediately and the rest was tidied up when Rowley, a British-born physicist-turned-accountant, arrived.

One problem was managerial. After some problems hiring a suitable person, the ADB had provided the bank's first manager on a one year contract with the hope that that type of management would continue. But problems finding a replacement meant a 10-month gap before Rowley arrived.

But now he is hopeful the loan application will succeed

and assist local industries such as coconut oil processing, canning fish and drying bananas.

The application is part of a move by the Cook Islands Government to find sources of overseas funding other than aid or budgetary assistance.

It is also being seen by some as part of a general move away from New Zealand, although Premier Dr Tom Davis denies that he has intentions of altering the traditional partnership.

The bank, originally part of the National Development Corporation, was set up by splitting it from the Treasury when the Democrats took over in the Cooks.

"That was to make it more independent of the Govern-

ment and give it more autonomy so it could have dealings with overseas lenders on its own account," Rowley said.

But the Cooks face problems in raising funds overseas.

"Like any organisation which you start off under aid assistance, you tend to have a very slow growth rate," Rowley said.

The bank's total operating budget this year is about \$250,000 and, if it gets all the support promised by Cabinet, the loan budget will run at just under \$1 million. Most of its funds have come from budgetary appropriations or aid.

The CIDB is about two years away from equating its income, Rowley said. Meanwhile, a

bank unknown to lenders, with a background of operational losses and located in a remote area, has some difficulties attracting investment.

But despite the problems, the bank has no shortage of projects. For the last three years the value of its approved projects rose from \$165,000 (23 projects) to \$274,000 (39 projects) and onto \$345,000 (44 projects).

"It is all fairly small stuff in New Zealand terms but it is quite significant in the Cooks," Rowley said.

Interest rates vary according to the sector — about 3.25 per cent for full-time agriculture and 6.5 per cent for part-time (although those rates are due to

rise soon) and 8 to 9 per cent for commercial ventures.

Most of the projects are agricultural or small commercial and industrial ventures, probably only marginally viable on New Zealand interest rates. But added to them, the bank has a backlog of 168 housing applications worth over \$2 million on its hands.

It has now taken over the Cook Islands Housing Corporation, a move which Rowley said will mean a reduction of \$60,000 to \$80,000 operating losses for the combined enterprise.

"The bank will soon take over two of the Cooks' other sources of funding — the small loans scheme run by Treasury and Department of Agriculture and Fisheries' scheme. It is all part of consolidating its approach.

Rowley is working out a programme of fund-raising and investment for the "foreseeable future".

He sees the move to processing more local products as important. If the ADB loan is raised, the bank has no shortage of projects, he said. A lot of the industrial projects involve New Zealand companies plus local interests.

"There is no move specifically to keep it restricted to New Zealand companies, but accessibility and knowledge of the Cooks is a bit of a problem as far as attracting people in the rest of the world."

Rowley said it would be nice to predict the CIDB developing the way the DFC has in New Zealand. But in a \$20,000 GNP gap nation the proportion of resources that could ever be tied up in it could not compare.

But it has over \$2 million in balance sheet assets, it has no shortage of projects which could mean import substitution and increased exports.

So if investors can be attracted to one of the world's smallest nations, the future looks bright for its development bank in its efforts to increase Cook Islands' self reliance and reduce its dependence on aid.

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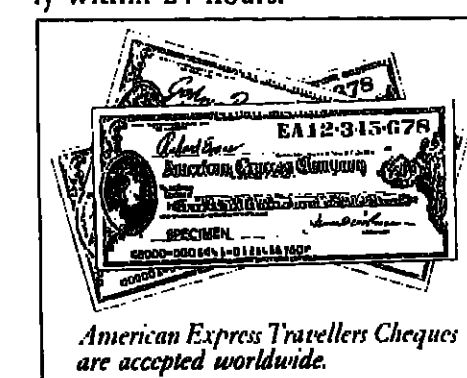
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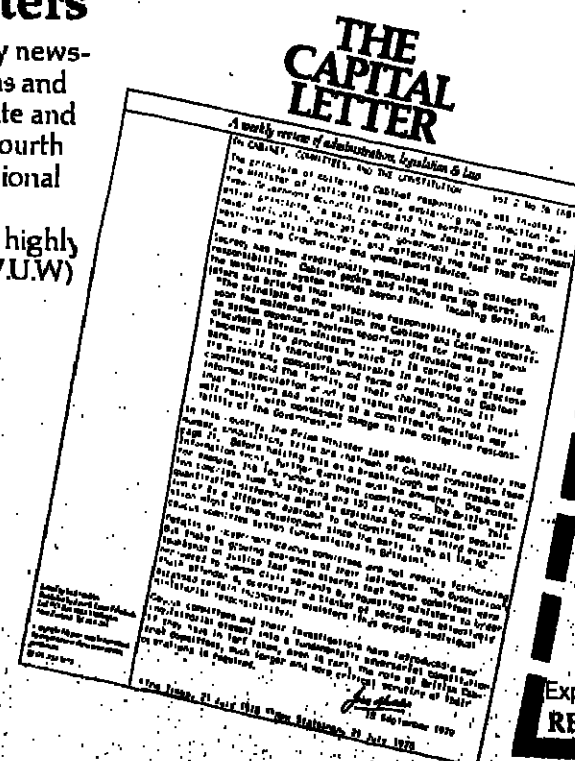
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Overseas trade

European take to the Latin American shuttle

by Hugh O'Shaughnessy

IN an unprecedented burst of interest in Latin America, the British Government has been sending ministers to the region at the rate of one every three weeks.

As government and business reassess the prospects in the region, Prime Minister Margaret Thatcher has wheeled out her big guns, her medium artillery and her supporting army in an effort to obtain political and economic benefits in a part of the world which has never delivered the goods Britain hoped for.

The British interest and attention reflect similar activity and attitudes throughout Western Europe.

The senior figures who have gone to Latin America, or are on their way, include the Foreign and Commonwealth Secretary Lord Carrington, Industry's Sir Keith Joseph, Trade's John Nott and Agriculture, Fisheries and Food's Peter Walker.

Late in September, Energy Secretary David Howell was there.

The renewal of interest in Latin America is visible in the rest of Europe.

Swedish industrialists, for instance, claim that there are so many Swedish-owned factories in Sao Paulo that the Brazilian city is third in importance, after Stockholm and Gothenburg, for Swedish industrial production. And Swedish business is keen for still greater involvement in the region.

At the other end of Europe, the Spaniards are trying to capitalise on their cultural and historical connections with Latin America, and their prospective entry into the EEC, to sell Spain to the Latin Americans as a key to European-Latin American trade.

Despite the intense personal interest and enthusiasm of King Juan Carlos, the success of their initiatives is patchy, but they have not given up.

The renewed business interest in the region is due to a combination of many factors. Latin America has benefited from the disenchantment of many business-people with trade prospects in the Middle East, particularly since the fall of the Shah.

Exporters have realised that there is a limit to the goods the tiny population of the Gulf states can import, despite their considerable oil-based riches. With more than 250 million people Latin America is a much bigger market for imports than the Arab world.

There is a growing understanding that Latin America is the most sophisticated mass market in the Third World, and is considerably closer culturally to Europe than most of Africa or Asia.

A further factor is that Latin America is seen to be a storehouse of minerals, with a fifth of the world's iron ore, a third of its copper and more than a third of its bauxite under its soil.

The Mexican oil and gas reserves, whose proven size is constantly increasing, have encouraged the optimists among the energy experts.

These experts argue that Latin America has only to be prospected as thoroughly as its northern neighbour to yield vast new quantities of hydrocarbons.

Latin America is viewed as



Margaret Thatcher... wheeled out her big guns

ripe for much more intensive agricultural exploitation. Out of the 575 million hectares of cultivable land in the region only 170 million are today being farmed, none of it with much intensity.

But Europe's expectations of Latin America are tempered with anxiety. Storm clouds are gathering over Brazil.

Business-people who a decade ago were caught up in the euphoria of the "Brazilian miracle", when the country's economy was growing by more than 10 per cent a year, now urgently need to find out what went wrong and why.

Bankers who have lent heavily to Brazil, exporters who see the Brazilian Government decreeing rapidly growing protectionism as it wrestles with a big trade deficit, and importers who wonder whether they can continue to rely on Brazil as a source of goods and commodities, are all anxious for facts to act on.

For the British the situation in Brazil is particularly important. There are a number of very large and old-fashioned British investments in Brazil.

British American Tobacco, for example, has a near monopoly of the cigarette market in that enormous country of 120 million people.

Brazil is Britain's best export market in Latin America and its biggest Latin American supplier. In the first seven months of this year Britain sold £157 million worth of goods to Brazil and imported £235 million. British banks are heavily committed there.

Not least worrying is the state of the giant Acominas steelmaking project in the state of Minas Gerais. British business, led by Davy United and Morgan Grenfell, have taken a major part in this multi-billion dollar project, but now Acominas is going very badly wrong.

Government austerity measures have meant there is not enough money to pay the workforce needed to assemble the heavy plant pouring in to Belo Horizonte from European suppliers. The scheme is falling behind schedule and some of the un assembled plant is in danger of deterioration.

The British Government is in a quandary about Brazil and its impending economic crisis. This has been reflected in recent contradictory statements by official spokesmen. Government opinion is divided between those who want a hard commercial line taken towards government they consider over-protective, spendthrift and irresponsible and those who want more understanding shown to Britain's biggest trading partner in the region.

Things are happening on the political front, and the Eu-

ropeans have begun to work out a political strategy for the region.

As the multilateral level in the framework of the EEC, progress has been slow. The European countries seem to want to act independently in the region. West Germany is the West European power most actively involved in Latin America.

The three main German political parties are interested in the fate of their political comrades in Latin America. This interest is expressed powerfully through the World Christian Democratic Union based in Rome.

Europe's socialists and Christian Democrats do not



Willy Brandt... president of prominent group

always see eye to eye with Washington over Latin American affairs. This year the State Department has been particularly upset by European political involvement in Central America and Puerto Rico which the United States per-

ceives as meddling and muddle-headed. But there is no sign of this involvement abating.

Despite Lord Carrington's initial coolness to the Sandinista Government which replaced the Somoza dictatorship in Nicaragua last year, officials insist that Britain, like Germany, now wants a much closer relationship with the new government in Managua.

Conversely, Britain acted very rapidly when the military seized power in Bolivia in July to cancel, probably for good, the long mooted scheme to loan £20 million to the Bolivian mining industry.

Hugh O'Shaughnessy is Latin America correspondent of the Financial Times.

THE FAMOUS GROUSE
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Wine

The proof of the fruit is in the sipping and —

"THE way to sell a wine," says Michael Barker (not long out of Lincoln College and applying his obvious expertise to the family business) "is to get people's lips around a glass."

Last year more than 30,000 pairs of lips travelled the dusty roads behind picturesque Geraldine, nestled in the foothills of the Southern Alps, to declare the proof of the aperitif is in the sipping.

They included busloads of tourists on the way to Mount Cook, groups of raucous rugby reps and casual travellers. The common denominator lay in their departure; few leave Upton Cellars without a bottle or two under their arm.

The reason is two-fold.

"We're not in the winery crawl area," managing director, Anthony Barker said. "So the sales per person are far higher than for other wineries."

The second, and more significant, factor is the distinctiveness of Upton Cellars products. The Barkers' biggest hurdle lies in thousands of years of prejudice that quality wine means grape wine, a prejudice highlighted in the depths of many a New Zealand stomach emptied unceremoniously on the effects of cheap apple wine.

Barkers' wines, produced and marketed through Upton Cellars, are unashamedly fruit wines, predominantly elderberry.

Upton Cellars is thought to be the only commercial elderberry winery in the world. Maybe it is and maybe it isn't. Of more importance (as an NBR writer can testify), it is a winery producing a classy, high-quality range of table wines, aperitifs and mistelles.

Upton Cellars is a family business in transition. The

Barkers realise planned expansion and developments will involve outside capital.

Only the extraordinary energies of Anthony Barker, the level-headed persistence and support of his wife Gillian, and the new marketing and development drive of son Michael have allowed this cottage industry to reach a production level of 50,000 litres a year without getting out of control.

Upton Cellars is first and foremost the story of Anthony Barker's creative energies. Like an English squire he conducts visitors around the winery, showing justified pride in his makeshift but scrupulously clean plant.

A copper regularly tinned, an up-ended vacuum cleaner, the trailer from an old beer tanker; one regrets the eccentricities big development will inevitably override.

Anthony Barker was making wine at 13. For years he developed the hobby while farming 130 ha of land.

It's good farming country but Barker claims the economics of a unit this size and personal health (an outside appraisal would add a growing obsession with his winemaking) turned the hobby into a full-time commercial enterprise.

It hasn't all been plain sailing for the Barkers. Anthony Barker thinks back to 1969 and the naive pleasure he derived from the first commercial developments.

"I thought it was easy, and it was in those days. We had no trouble selling 6800 litres in the first year. It was all elderberry."

Early success led to rapid growth, and growing pains. Barker can see he let things develop too quickly without the necessary backup services. The crunch came in 1976.

"We made 45,000 litres and



Barkers' barrels... unashamedly fruit wines

sales literally stalled. We over-reached ourselves and we had quite a lot of old stock."

The following year a fire put paid to \$20,000 worth of wine stocks along with bottles, sugar labels and some plant. But the Barkers' trump card — persis-

tence and belief in their product — won through.

"We went through major changes last year," Michael said. "We realised there was a revolution in the grape wine industry with huge volumes of wine about. It was a closely

fought war.

"We had to get out and sell. We knew we couldn't coast along as we had been."

So the Barkers appointed a part-time sales rep and a part-time marketing manager to vet ideas and put together a marketing strategy. Within three months sales were booming and Upton Cellars is now having no difficulty selling 50,000 litres a year.

The new strategy has brought change in sales patterns. From 70 per cent gate sales the business now sells only 30 per cent through the on-site retail outlet, which provides employment for three locals.

Other retail outlets cover Auckland to Invercargill and both coasts.

"Our best market right now is New Plymouth. We're probably selling more there than any other market," Mi-

chael said. Michael has now all but taken the reins. He is quietly aggressive and ambitious, but conscious of the need to control growth.

"We know there is a place for a quality fruit wine. People are prepared to buy it. But you are up against it. People are used to buying bad apple wine at knock-down prices."

"It's very difficult to make a high-quality product from apple stock available in New Zealand — remember the Apple and Pear Board's fiasco," Anthony Barker interrupts.

"We just have to live down that image. Fruit wines have got a junk image."

So the Barkers are still educating people through their lips as the main marketing strategy.

"Other advertising builds up awareness but you have got to have the product. We are trying

Wine

for a family business — its marketing policy

to educate people at the point of sale with tasting sessions," Michael said.

Because of the tasting strategy, sales depend largely on the retail sellers' attitudes, a dubious replay of the theme New Zealand whisky founded on.

"Some outlets are a disaster. They kill the wine with their prejudices."

But others recognise that the wine is an addition and not a substitute to the growing variety of wines competing for the New Zealand palate.

Upton Cellars has reached the point where production will have to increase to meet further marketing efforts. But the present plant and berry supply is already fully extended, and major changes are necessary with market saturation well beyond the present output.

The main fruit used is wild

elderberry, picked by about 15 locals on a casual basis. Last year the Barkers got enough fruit, but it is a risky basis on which to develop the industry.

Michael Barker is applying his skills and planting several hectares of elderberries on a trial basis, selecting for the best wine-making varieties.

Elderberries are a new commercial crop to New Zealand. Government departments are only now starting to experiment with United States varieties but nothing has been published yet. The Barkers plan to grow a small area themselves and contract out further growth to tie up a solid berry supply.

They also use large quantities of a specially selected variety of strawberry, blackberries, loganberries and gooseberries. Orders for these are now contracted out in advance.

They are also doing trials on black and red currants and five growers in the area have approached them to process their fruit.

Michael is very interested in extending the business into quality non-alcoholic fruit juices. "We are looking very hard at that market. We should be ready to make a decision about it very soon."

The export market is also a distant possibility. "We have looked at it closely. At the moment we've barely got enough volume to sustain a presence overseas, although we have looked at Australia and had solid interest from the United States," Michael said.

"But we've got to do our homework and get a solid basis on the domestic market. Besides, transport costs mean we must consider Auckland as an export market."

"There's wine oozing out of everybody's ears all over the world. We've got to have something that is different and very high quality."

Like industry at all levels, the Barkers are looking closely at cost reductions. The services of a local bottle dealer have halved glass costs. The dealer receives an order six months in advance and covers the South Island to fill the order with the required bottles.

The Barkers are also looking at reducing sugar prices by tapping the local sugar beet industry, and selling off land to finance developments.

Even so their promising industry has its share of problems.

Because their industry is perhaps unique in New Zealand, they are constantly lobbying, and enjoy the persistent attentions of at least

three government departments' over-zealous in regulating their guinea pig berry winery.

Minor freight incentives do little to offset high transport and packaging costs.

Then the recent sales tax in the Budget on fortified wines unintentionally hit the Barkers' product with a 20 per cent increase.

"It was supposed to hit the kitchen sink sherry but all it's done is hit the top of the market," Anthony Barker said.

And a recent change in labelling laws means thousands of dollars worth of labels have had to be scrapped.

Grape wine can be on the market as early as three months after production, but the Barkers have to keep their berry wine for 18 months before it is ready for sale, thus tying up capital in stocks for long periods.

The result of all this is not a cheap product. The table wines retail on the North Island market at about \$3.80 a bottle, the aperitifs at \$4.50 and the mistelles at \$5.75.

Compared with recent price rises for quality grape wines their prices are competitive, although they are clearly rising in proportion.

On the positive side the Barkers can point to a number of advantages for their wine over the traditional grape variety.

They are very distinctive wines, low in acidity and perhaps more important, specially for the large market of red wine lovers who suffer the effects, avoid the built in headache qualities of many reds.

But the largest hurdle facing the Barkers is the major decision on the future of their industry.

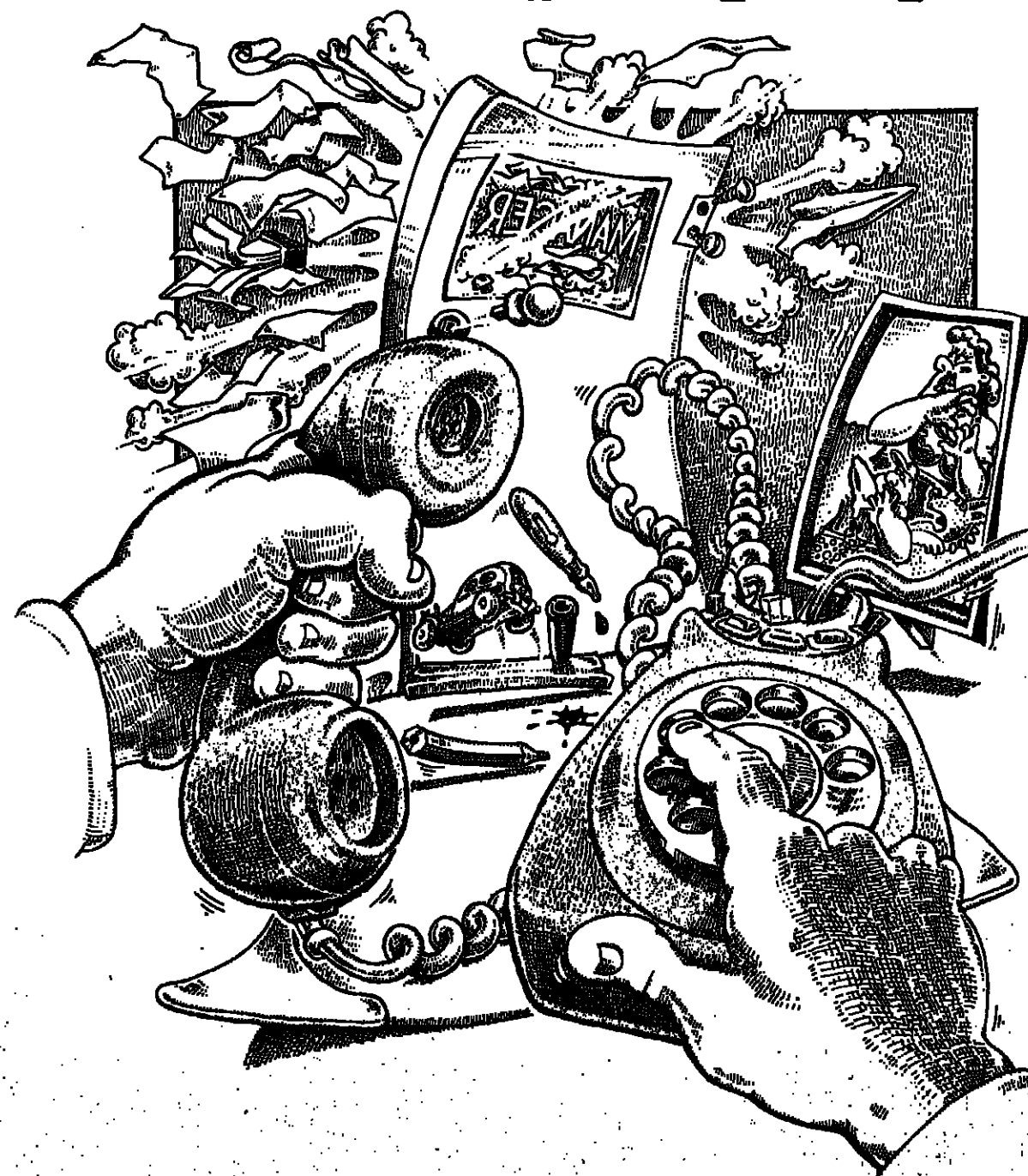
"What it boils down to is, can a family business survive in this climate of inflation," Michael said. "We'd like to keep it in the family, but if we have to go outside we will."

There is a large as yet untapped potential in regional development aid available.

"We haven't rushed in and grabbed it until we could prove we are viable and know where we are going. It's a question of whether we take it for non-fermented juices or fermented or both. We're not sure yet."

Anthony Barker makes it clear he is uncomfortable going in deeper in the climate of over-regulation that has plagued the business.

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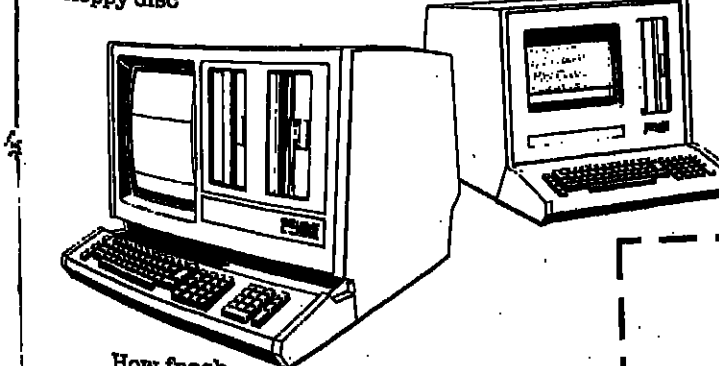
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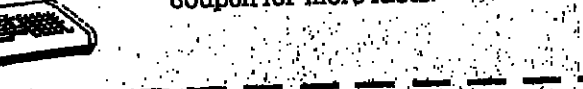
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National's leadership struggle hastens the

by Jeff Gamlin

FROM all the fury and excitement of National's leadership struggle, many regard the most significant point to emerge as the display of ruthless political skills of Rob Muldoon. But a deeper reading indicates that National has opted for the status quo, and it is this which will have significant consequences for both National and the overall political system.

There is strong evidence to suggest that New Zealand has a genuine three-party system and that both National and Labour no longer have the scope to develop sufficient impetus to break free of it.

Given our electoral system, the task confronting a third party has always been seen as awesome and even impossible. It now seems apparent, however, that a combination of

factors — some of which have been created by their own actions — have given Social Credit the opportunity to break through the barrier.

The obvious indicators which point to a demise of the two-party structure were the emergence of the third party to take a decisive victory in East Coast Bays, and the recent nationwide Heylen poll which showed the three parties each polling more than 30 per cent.

By themselves, such results don't tell much about the actual reasons for such developments or whether they would still hold in a general election.

But when linked to other evidence now emerging, it becomes increasingly apparent that our political system is undergoing fundamental change that may be difficult to reverse.

At the centre of the criticism levelled against Muldoon's

style and policies was the belief that widespread change was necessary if the Social Credit threat to National's heartland base was to be met.

Muldoon's claim to leadership has always been based on his ability to effectively tackle Labour through attacking the swinging voter and traditional Labour supporters. But this emphasis in his style and policies has increasingly left him vulnerable among the National party faithful.

The first indications that the feeling "he's not quite one of us" was being translated into electoral terms was given in Social Credit's showings in Rangitikei and the 1978 general election.

Since then, the returns of party canvassers have disclosed an animosity towards Muldoon of critical proportions, reinforced by plummeting finan-

cial contributions and membership levels.

The East Coast Bays result revealed a massive discontent with the way National was performing. Surveys undertaken subsequently in this electorate by both National and Labour have revealed a non-repentance among these converts to Social Credit of such depth that the possibility of East Coast Bays returning to National even in a general election is now seriously doubted.

They indicated that, but for the high standing of National candidate Don Brash, the anti-National avalanche would have been greater. Muldoon has claimed that his party's survey revealed no responsibility on his part for the result, but it seems that the survey questionnaire gave respondents no direct opportunity to com-

ment on him.

Few observers who followed the mass of on-the-record and off-the-record comments proffered during the leadership struggle would not conclude that a large part of caucus as well as key leadership was crucial to meeting the Social Credit threat. Undoubtedly, policy differences and the surfacing of long-held grudges against Muldoon were factors, but the prime catalyst purely and simply was the instinct for survival.

The prospect of defeat, caused not at the hands of the old Labour foe but by Social Credit in traditionally safe areas, was coming to be seen as inevitable unless drastic changes were made.

Brian Talboys, with his true-blue credentials — a moderate with a consensus approach to politics and the Minister of Agriculture from a rural electorate — was seen as the one to encourage the return of disillusioned supporters.

That the challenge was fought off owed less to a grasp of political realities than to considerations of personal loyalties and ambitions. It would have been difficult to convince those with an eye to their immediate political future that the forces operating in the familiar two-party setup may just not come to their aid next election.

In a first-past-the-post system of elections in single-member-constituencies, the forces operating against a third party are formidable. But inherent to the working of these forces is the necessity for each of the two main parties to operate according to an instinctive principle of self-preservation. With an eye to their rival, each will accommodate and maximise gains to and from the third party relative to the other.

When this happens the third party finds it next to impossible to poll the highly dispropor-

tionate number of votes it needs to win seats. And without any significant representation in Parliament it lacks the credibility to attract support in its own right.

The fence-mending operation which National conscientiously pursued after the 1966 upsurge for Social Credit more certainly showed a concern for self-preservation.

But now, it seems that National has foregone its instinct for survival. Social Credit has obviously already broken through this credibility barrier and what National's retaining of the status quo over the leadership indicates is that it is not capable of adapting to meet these realities.

Short of a change in the leadership, the question now is whether or not the party has the scope or capacity to undertake sufficient changes in other ways. The answer must be that this is most unlikely.

Muldoon's uncompromising behaviour since his return from overseas all too adequately bears out his own assessment that he is "too long in the tooth to change". Moreover, in terms of his own position in his party he now has little incentive to change.

Talboys' dithering attitude during the crisis has greatly lessened his appeal to those wanting change. Muldoon knows there is now no potential challenger acceptable to both sides.

During the crisis Muldoon outflanked his challengers by taking the whole issue to the public, but this must surely rebound on him in the longer term. The split in the party so revealed was of such a bitter and fundamental nature that the credibility of future policies and actions will be suspect and open to attack.

More seriously for Muldoon himself were the revelations of criticisms from many of his colleagues not just over style but also over his competence.

emergence of a three-party political system

The one saving grace of Muldoon in the eyes of many voters is his supposed ability to manage the economy.

Now even this is wide open to attack.

Nor does National have much scope for change on the economic front. Given the current high rate of inflation it would not be possible for National to reproduce the 1978 election winning mini-boom through an opening up of spending and the money supply without driving the rate up further to what would be a politically unacceptable level.

The lack of long-term capital investment, the shortage of specialist and skilled workers (not overseas) and changing business and trading patterns will resist the rise in the longer term of unemployment.

Muldoon's chickens from his past economic policies are now well and truly coming home to roost.

National has shown itself incapable of effectively changing to meet the Social Credit threat and the electoral consequences will be considerable.

The prospects for the two erstwhile main parties are grim to say the least, because the boost which National has given to Social Credit has reached a stage where many Labour people will be persuaded that Social Credit is the best alternative to National.

In the first place, the Rangitikei and East Coast Bays results, in contrast to the one in Onehunga, has firmly established the propensity for a collapse of the Labour vote at least in electorates outside traditional Labour areas. The latest Heylen poll indicates that this in all probability has now happened.

In particular, Rangitikei and East Coast Bays illustrated how in areas where Social Credit originally had only 20 per cent of the vote it could win decisively not just through a direct swing from National, but equally importantly through a direct collapse of the 25 per cent or so vote for Labour.

There is a large number of electorates where Social Credit polled from just under 20 per cent or better in 1978, mainly in rural areas but also several in suburban and large town areas, the great majority of which are now held by National.

A Social Credit level of support of 30 per cent, as suggested in the Heylen poll, together with a collapsing of the Labour vote in these areas, would be sufficient for it to win between 20 to 25 seats. The Heylen poll margin of 38 per cent to National to Labour's 31 per cent is of such an extent to indicate that Social Credit is doing more damage to Labour in other areas as well, which would mean a loss of a number of this party's marginal seats to National. The final party lineup could be: National just over 35, Labour 30 and Social Credit from 20 to 25.

Obviously, more nationwide polls are required to confirm that a Social Credit advance to a really high level tends to be more at Labour's expense. But certainly, the dynamics of the electoral system would suggest that a Social Credit percentage of more than the low 20s would produce a stalemate in Parliament.

For the point National is making to lose seats heavily to

Social Credit. But Labour's capacity to win crucial marginal seats such as New Plymouth, Gisborne, Invercargill, Marlborough and Horowhenua will be eroded by the increasing inroads of Social Credit, meaning that neither party will gain a clear majority in Parliament.

Some confirmation of Social Credit hurting Labour more in marginal areas can be found from a survey taken recently by the Labour party in Whangarei. This seat is now not so critically important to Labour, but the finding that the party was trailing a fairly poor third (with Social Credit in the lead) is an ominous pointer to its prospects in the likes of New Plymouth and Gisborne.

There is little doubt that Labour's chances would be greatly enhanced if National had come up with a new leader.



Brian Talboys... dithering has reduced his appeal

As matters now stand, the impetus given to Social Credit's credibility by a status quo National party appears to be convincing many Labour people that this party is the best bet against National.

Just as National does not appear to have any scope to



Muldoon... took issue to the public

change to meet this Social Credit threat, nor does Labour, although it probably won't be for the want of trying. Not having access to the levers of power it is unable to convince by a demonstration of its policies and actions nor have the same access to the media.



Don Brash... high standing stemmed avalanche

And not being the cause of the initial impetus to Social Credit it does not have the remedying of its own subsequent losses to this party entirely within its own hands. If Social Credit were to win a sizeable number of seats and therefore produce a par-

liamentary stalemate, the political implications would be fascinating. This merits an analysis in itself.

But in brief, what happened to the Liberals in Britain in 1974 would surely persuade Beetham to not allow a minority government the chance to regroup and to have the excuse to call fresh election at its will. And if he does insist on a coalition, it would be hardly likely that with a swag of rural seats under his belt he would be interested in Labour.

Some time will be needed for the dust to settle from the National leadership struggle to assess accurately the longer term political consequences. But it would be difficult to dispute that this development is not going to speed the return to a two-party system, but rather quite the opposite.

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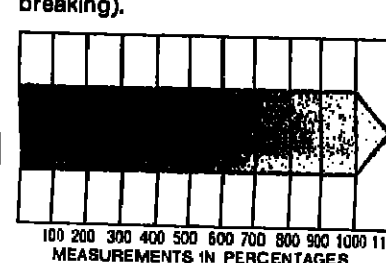
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Computers

Library arms for automation
by Stephen Bell

AS part of the armoury for the National Library's case to Cabinet for automation, the Libraries Association, has brought over a team of American experts to talk to relevant parties and contribute to a report.

Representatives of the Washington State Library are here this week to give presentations on Washington's own computer-based cataloguing and acquisitions system to representatives of public, university, Government and industrial and commercial libraries in the three main centres.

They were preceded by State Librarian Rod Swartz, who talked with relevant people in Government, library and technological circles to establish the requirements for setting up a similar system to Washington's for the National and other major libraries.

Automation of library cataloguing has been perceived for some time as an urgent requirement. The National Library is three months behind in manual cataloguing of its holdings.

Other libraries are also behind in their updating and automation has long been a contentious topic.

Since last year, the NZLA has had a Library Automation Group - perhaps an appropriate acronym - which was behind the Americans visit.

Some public libraries, like Hamilton and Wanganui, have already taken the plunge into automation, but "of more concern", says Wellington City Librarian Brian McKeon, are those who are "on the brink" and hanging back to see what the National Library will do.

If the National Library were to adopt the Washington system, other libraries could relatively easily hook in terminals and eliminate a good deal of duplication of effort in maintaining catalogues, either



No new building... automation for consolation maybe.

manually or through isolated computer systems.

One centralised on-line system would obviously ease the task of searching out a copy of a particular book.

"The National Library has its own problems", said McKeon. "Even if we stopped there, we would have made a great advance, but I would want to see terminals in at least the larger libraries".

Cabinet knocked back a National Library request for funding for automation earlier this year, but the request is due

to come before Cabinet again around the middle of next year.

By that time, the National Library will be equipped with a detailed report on the feasibility of a Washington-type project, based on the Washington representatives' findings and further discussion with the LAG and Australian National Library, which has had the Washington system running for 18 months.

The Australians' use of the system is another powerful argument for adopting it here, since it would ease commun-

ication between the two countries' libraries.

The Washington system was developed in collaboration with Boeing's Computer Services subsidiary. It uses, as a starting point, the Machine Readable Catalogue maintained by the United States Library of Congress. If a library acquires a publication not already included in this catalogue, it can add the details in, on-line, to produce a continuously up-to-date "union catalogue" of the holdings of all libraries on the system.

A separate suite of programs allows each library to keep track of the publications it has acquired, and those in order and to manage its financial transactions.

The system is currently used by 65 libraries in Washington and adjacent states.

The cost of this country adopting the system would be around the \$250,000 mark - not including the computer hardware to operate it. This, it is hoped, could be provided by one of the existing Government computer centres.

McKeon says he is "sanguine" about Government approval for automation this time round, if only because funding for the National Library's new building has been knocked back yet again. "Perhaps they'll let us have a consolation prize", he suggests.

CD's Plato for training

OVER 80 representatives of a broad range of Government departments were given live demonstrations last late month of Control Data's computer-based education system, Plato.

The computer company has hopes of selling an entire Plato system to Government - a system comprising a CD Cyber computer and a network of specialised terminals - for use in the many departments where training is seen as a requirement.

CD was encouraged in its approach by remarks made recently by prominent Government agencies on the growing need for training and retraining in the current employment situation, said the company's New Zealand manager, Charles Kent.

The work on setting up a Plato system in Australia had increased expertise on the system in this part of the world.

The Plato terminal and software are designed to permit easy use by people not accustomed to interfacing with a computer. A mesh of fine wires

over the terminal screen allows the system to sense the learner pointing at elements on the graphics display with a finger.

This mode can be used to lead the student through a series of frames with multiple question and answer, retracing steps where the lesson has been imperfectly learned.

The format can also be used to present a full simulation, for example, of the control panel of an aircraft with the student operating controls, directly by touching their images on the screen. Various mixtures of the simulation and frame techniques give very powerful teaching procedures.

December set for extension

THE Post Office has set December 1 as the date for extension of its Oasis information retrieval link into the Australian database resources of the Ausinet network.

Oasis already provides users here with access to a wide range of commercial and scientific information on databases maintained by American organisations. The service has proved popular, and access to information from our closest overseas market will obviously be of greater relevance.

Databases maintained on Ausinet include the Australian Science Index, Australian Education Index and Australian Industry reports.

Keyword search techniques allow users to explore the latest literature on a particular subject or combination of subject headings through an on-line terminal.

Ausinet also provides the facility for users to create their own databases and put them up on the network, for their own internal use or access by other users. This creates the potential for the Australian collection of information to be expanded with local content, an alternative which could be less expensive than companies here setting up databases on their own computer equipment.

The service will initially be charged by the Post Office at 80c per minute. When new equipment is installed at the Australian end of the link about the middle of next year, charge will be levied on time and volume of information transmitted, as with the United States Oasis link.

Pricing of the direct link compares very favourably with use of international toll lines to get into the network, previously the only method.

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Transport

Thinking out loud allows public parley

by Bob Stott

BITS and pieces of the reports compiled in connection with review of road transport licensing have been disclosed from time to time but the full arguments for and against liberalisation are not public knowledge - yet.

In such cases the people directly involved generally know what is going on, or at least part of what is going on, because they are usually asked to make submissions.

The largest user groups are frequently consulted.

But the general public is typically kept in the dark.

It is fair enough to keep secret information of a commercial nature which could disadvantage an organisation if it was made available to a competitor (the inquiry into freight forwarding restricted some evidence of this nature provided by the Railways).

But it is difficult to see why steps towards a new road licensing policy should be taken in-camera.

In official circles the rule seems to be to tell the public nothing unless forced to. The reverse should apply - to tell the public everything unless forced by special circumstances not to.

There will be those who will argue that because a particular report is prepared for the Minister for presentation to Parliament, the content cannot be released until Parliament has first seen it. Fair enough up to a point.

But why paint yourself into that sort of corner?

In New Zealand we rarely make use of Green Papers, which are discussion papers, as opposed to White Papers, which are clear expressions of Government intent.

Why hasn't there been a Green Paper on the transport licensing review? Are the public considered too immature to cope with such heady stuff? Is it feared that if a Green Paper suggests opening up road transport then everyone will rush out and buy trucks in anticipation of a change which may never come about?

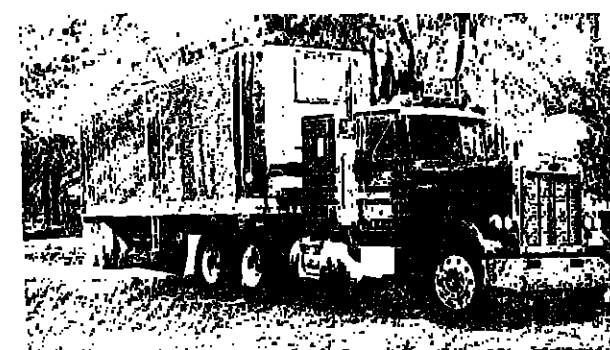
If someone was daft enough to make an investment decision on an idea floated in a discussion paper, then they deserve all they get.

All the time a select few - the people who have been consulted during in-camera reviews - have a far better idea of what is planned than ordinary folk, some of whom will be in transport or rely to large extent on transport for their livelihoods.

Maybe the Green Paper process is not necessary in the case of the transport licensing review, because maybe when the review is published there will be plenty of time for public discussion before legislation is framed.

It could hardly be said that a pause for public consideration would hold things up. The review was announced in the 1978 Budget, and the last day for submissions was February 28 1979.

Meanwhile we must rely on occasional bits of information which come our way, such as the Railways' estimate that a



Transport licensing... public in the dark

removal of the 150km limit would cost it \$64 million a year.

That figure came from Railways general manager Trevor Hayward, who gave it, in public, to the freight forwarding inquiry. He explained that it had been given to the Government in confidence but later had been leaked - no point in keeping it secret.

With its discussion paper

In 1977 there was a clash between Government and Opposition over the release of information concerning the potential of Tauranga as a container port. There was some discussion about whether the Opposition was being ethical over the matter.

The question about why the information was ever secret in the first place was asked neither by Opposition nor any significant section of the news media. It was taken for granted that, in such cases, secrecy was the norm.

Sometimes the results of studies and reviews never see the light of day.

The 1976 Budget said that a study had been initiated on the financial objectives of NZR (and the Post Office and Electricity Department).

Those studies should have been welcomed by the public.

Here was a chance to decide what we wanted these organisations to do - make money at the user's expense or provide a service with any deficit made up by taxpayers.

The Government so far does not seem to have turned out a paper explaining what financial objectives NZR is to follow, but presumably the study has been completed - and remains secret.

Governments have good reason to keep secret matters connected with national security or with a firm's or industry's private affairs.

But it should be taken for granted that something as vital as transport policy should be discussed in public, and with the fullest information made available.

When major issues are being considered, the Government should think out loud.

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WORD PROCESSING BRIEFING

Word Processing - how much "muscle" do you need? One of the most frequently-asked questions from those considering giving their typists better tools to work with is "just how much more powerful than an electric typewriter does the Word Processing machine need to be, in order to achieve the time or cost savings that I want?" It would be foolish to buy a very complicated or very sophisticated device if all you wanted was simple "keyboard" improvements so that your typist could type unique correspondence more neatly, more accurately and faster. An IBM Electronic Typewriter at under \$3000 will do that for you - and give you automatic in-line error correction, automatic centering, and beautiful typed copy as part of it.

If you need a "memory" to store away draft copies so that a "final" can be produced by retyping only the corrections, you don't really need to go to a VDU machine with a floppy disk. Sure, they look good on the desk, but you're looking at an investment of over \$20,000 when an IBM Memory Typewriter at under \$7000 will do competent text-editing for you. The IBM Memory Typewriter can hold a "file" of up to 100 pages right inside the machine ready for instant recall, revision and replay. You can even do the occasional "standard letter run" or longer stored documents such as wills or specifications.

We're just clearing the \$10,000 level when we talk about unlimited "off-line" storage in the IBM Magnetic Card Typewriters - there are three of these to choose from, two with automatic error-correction (so that the draft copy is perfectly readable) and the third with a high-speed "daisy-wheel" printer.

Around \$15,000 we start to move into the lower functional end of IBM's Office Systems 6 range which provides screen-and-diskette based text editing, document assembly and records processing functions. These were described in an earlier "Briefing" but if you'd like an analysis of just what is Text Editing (the things you need to do to keyboard and revise text and the things you really should watch out for in looking at equipment) just drop me a brief note to that effect on company letterhead - my P.O. Box number is 3343 Wellington. I'll send you a 10-page, no-charge, no-obligation writeup on the subject.

Global Search and Replace is a function present on some text-editing devices. But it's not the same on all machines. (I should observe in passing that the Word Processing industry hasn't had time yet to standardise its terminology and as a consequence it's pointless to compare machines on a "feature-by-feature" basis. It would be much better for you to approach each vendor with a list of the functions that you need a machine to perform and ask to see them done on your own work - that's the approach recommended in the above-mentioned Text Editing writeup). On IBM's Office System 6, "Global Search and Replace" permits the operator to:

- Identify a word or words (up to 69 characters in length) that are to be found throughout the entire document - that is the search may extend throughout the entire diskette if the document does.
- replace this "string" by another of up to 70 characters in length.
- such replacing is either UNATTENDED (go through the document without stopping) or ATTENDED (stop immediately before each change so that the operator can make other changes - perhaps grammatical adjustments).
- choose whether capitalisation will be honoured or not honoured.

Whatever level of text-editing sophistication you require, let one of our Marketing Reps in Auckland or Hamilton or Wellington or Christchurch show it to you. After all, if you're going to go into text-editing (whether or not it extends to "Global Search and Replace") you might as well do it as economically and as effectively as possible.

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